

# state of georgia

COMPREHENSIVE ANNUAL FINANCIAL REPORT JUNE 30, 2003

**state of georgia**  
SONNY PERDUE, GOVERNOR

**Comprehensive Annual  
Financial Report  
June 30, 2003**

**Prepared by  
Georgia Department of Audits and Accounts  
RUSSELL W. HINTON, STATE AUDITOR**

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# INTRODUCTORY SECTION

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## DEPARTMENT OF AUDITS AND ACCOUNTS

254 Washington Street, S.W., Suite 214

Atlanta, Georgia 30334-8400

**RUSSELL W. HINTON**  
STATE AUDITOR  
(404) 656-2174

February 28, 2005

The Honorable Sonny Perdue  
Governor of Georgia  
and  
Members of the General Assembly  
Citizens of the State of Georgia

The Comprehensive Annual Financial Report of the State of Georgia for the year ended June 30, 2003, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the State. All disclosures necessary to enable the reader to gain an understanding of the State's financial activities have been included.

This report is presented in three sections: Introductory, Financial and Statistical. The Introductory Section includes this transmittal letter, an organization chart and a listing of principal officials. The Financial Section includes the auditor's report on the Basic Financial Statements, the Basic Financial Statements, which present the government-wide financial statements and fund financial statements for governmental funds, proprietary funds, fiduciary funds, and component units, together with notes to the Basic Financial Statements, and Required Supplementary Information. The Statistical Section provides a history of financial and demographic information.

Federal laws and regulations require that the State undergo an annual audit in conformity with the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to the single audit, which includes a schedule of expenditures of federal awards, a report on internal control and compliance applicable to each major program, and a schedule of findings and questioned costs, is included in a separately issued State of Georgia Single Audit Report. Also included is a report on internal control over financial reporting and compliance with certain laws, regulations, contracts and grants in accordance with *Government Auditing Standards*.

This Comprehensive Annual Financial Report presents information on the financial position and operations of state government as one reporting entity. The various agencies, departments, boards, commissions and funds of Georgia state government which constitute the State financial reporting entity are included in the Comprehensive Annual Financial Report in accordance with criteria established by

the Governmental Accounting Standards Board. These criteria define the financial reporting entity as the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations which make up its legal entity and for legally separate organizations if its officials appoint a voting majority of the organization's governing board and either the primary government is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific burdens on the primary government. The primary government may also be financially accountable for governmental organizations that are fiscally dependent upon it.

The State of Georgia provides a variety of governmental services as set forth in its Constitution and statutes. These services include education, health and welfare, transportation, public safety, economic development, recreation and conservation.

## **FINANCIAL INFORMATION**

### **Internal Controls**

Management of the State is responsible for establishing and maintaining internal accounting controls designed to ensure that assets are safeguarded and that financial transactions are properly recorded and adequately documented. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

### **Budgetary Controls**

The objective of budgetary control is to ensure compliance with legal provisions embodied in the General Appropriations Act enacted by the General Assembly. Annual appropriated budgets are adopted at the departmental level and are applicable to the general, debt service and capital projects funds. All unencumbered annual appropriations lapse at fiscal year end unless otherwise specified by the Constitution or statute. The Constitution further authorizes the passage of additional Supplementary Appropriation Acts for specific purposes, provided sufficient unappropriated funds are available or additional revenue measures have been enacted. Federal funds received by the State are continually appropriated in the exact amounts and for the purposes authorized and directed by the awarding federal agency.

The budgetary basis of accounting required by state law differs materially from the basis used to report revenues and expenditures in accordance with generally accepted accounting principles (GAAP). In addition, the fund structure utilized to implement the annual budget differs extensively from the fund structure presented in these financial statements.



The State of Georgia Report of the State Auditor is issued annually by the undersigned prior to the issuance of this report. The sole purpose of the Report of the State Auditor is to provide the General Assembly with information concerning financial compliance with the Amended Appropriations Act for the fiscal year. In contrast to issuing financial statements in accordance with generally accepted accounting principles, the financial statements presented in the Report of the State Auditor are reported in conformity with statutory requirements.

### **Proprietary Operations**

The State maintains various proprietary funds which account for ongoing activities and organizations that are similar to those found in the private sector. Proprietary funds include such primary government activities as the Georgia Building Authority and the service centers of the Department of Administrative Services. Discretely presented component unit proprietary funds include, among others, the Georgia Ports Authority and the George L. Smith II Georgia World Congress Center Authority.

### **Pension Trust Funds**

Total net assets of the State's pension plans reached \$52,834,901,718 at June 30, 2003. The State's major pension plans are the Employees' Retirement System of Georgia and the Teachers Retirement System of Georgia. Financial activities of the pension trust funds (excluding the Regents Retirement Plan, which is included with the financial activity presented within the proprietary fund – Higher Education) are presented in fund level financial statements for fiduciary funds. Additional disclosures relating to the State's pension funds are provided in Note 15 to the basic financial statements.

### **Debt Administration**

The Georgia State Financing and Investment Commission, an agency of the State, is empowered by law to receive the proceeds from the issuance of State of Georgia general obligation and guaranteed revenue debt from the State, to provide the means for the proper application of the proceeds of such debt, and to establish the procedure for protecting the holders of such debt. Under the Constitution of the State of Georgia, the highest aggregate annual debt service for all outstanding general obligation and guaranteed revenue debt may not exceed 10 percent of the previous fiscal year's revenue collections. At June 30, 2003, outstanding general obligation debt issues of the State of Georgia totaled \$6,083,975,000. Outstanding revenue bonds of certain blended and discretely presented component units totaled \$1,522,011,761, of which \$521,779,761 are guaranteed by the State of Georgia.

At June 30, 2003, the State of Georgia maintained the following investment service bond ratings:

Moody's Investors Service	Aaa
Standard & Poor's Corporation	AAA
Fitch's Investor's Service, Incorporated	AAA

Further detailed information on outstanding bonds is reflected in the Financial Section, Notes to the Financial Statements and Statistical Section of this report.

### **Cash Management**

The State's investment policy is to maximize the protection of State funds on deposit while accruing an advantageous yield of interest by investing the funds in excess of those required for current operating expenses. Cash is managed in pooled funds to maximize interest earnings. Types of investments are dictated by legislation and are reviewed quarterly.

**Risk Management**

The State assumes substantially all risks associated with the following:

- Claims of covered employees for medical insurance and group life insurance benefits;
- Claims with respect to death or permanent disability of any law enforcement officer, fireman, or prison guard in the line of duty;
- Claims of covered employees for workers' compensation benefits;
- Claims of State employees for unemployment compensation benefits;
- Liability claims against employees of the University System of Georgia; and
- Liability claims in connection with abatement and removal of asbestos and other hazardous materials.

The State also purchases commercial insurance coverage and self-insures to cover risks associated with the following:

- State owned real and personal property;
- Liability claims actionable under the law which parties may file against the State, its agencies, officials, employees or appointees;
- Liability claims against State authorities arising from their operations; and
- Honesty and faithful performance bonds on employees.

Various risk control techniques are utilized to minimize accident-related losses. These techniques include safety inspections, assistance in establishing safety programs, training and certification of employees as American Automobile Association instructors, and maintenance of an extensive safety library.

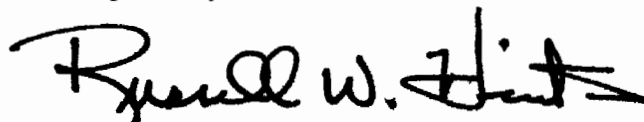
**OTHER INFORMATION****Independent Audit**

The financial statements of all organizations comprising the State reporting entity have been separately examined and reported on by either the State Auditor or independent certified public accountants. The accompanying financial statements for the State of Georgia have been prepared from the results of those examinations. The State Auditor's opinion thereon appears at the beginning of the Financial Section of this report.

**Compilation of Transmittal Letter**

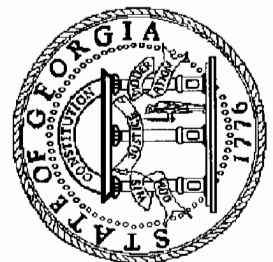
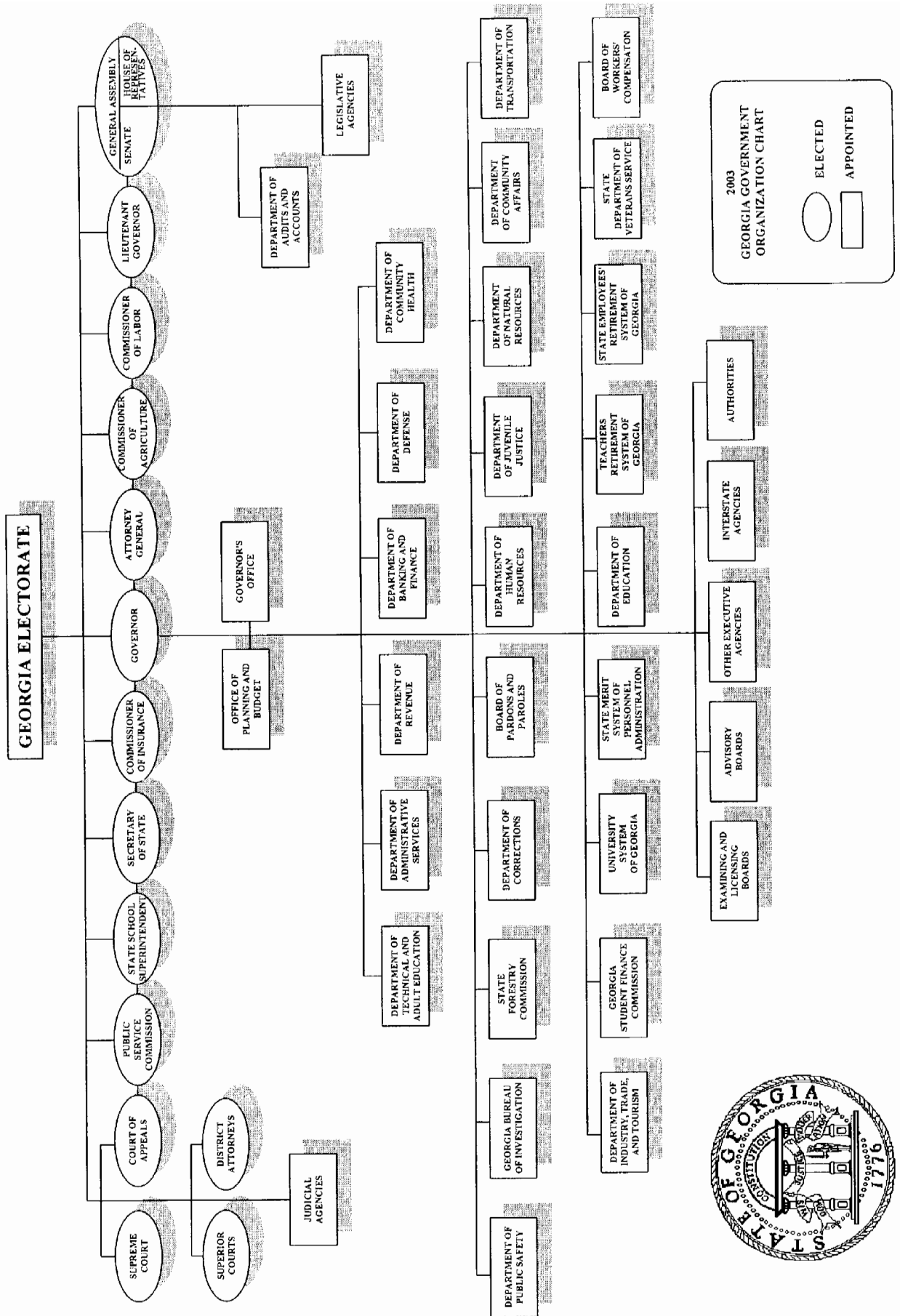
This transmittal letter has been compiled utilizing information contributed by various State management sources.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Russell W. Hinton". The signature is fluid and cursive, with a prominent initial "R" and a stylized "H".

Russell W. Hinton  
State Auditor

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## **Executive:**

Sonny Perdue  
*Governor*

Cathy Cox  
*Secretary of State*

Thurbert E. Baker  
*Attorney General*

Michael L. Thurmond  
*Commissioner of Labor*

Kathy Cox  
*State Superintendent of Schools*

John W. Oxendine  
*Commissioner of Insurance*

Thomas T. Irvin  
*Commissioner of Agriculture*

Robert "Bobby" Baker, Jr., Chairman  
David L. Burgess  
H. Doug Everett  
Angela Elizabeth Speir  
Stan Wise  
*Public Service Commission*

## **Legislative:**

Mark Taylor  
*Lieutenant Governor/President of the Senate*

Terry Coleman  
*Speaker of the House of Representatives*

## **Judicial:**

Norman S. Fletcher  
*Chief Justice of the Supreme Court*

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## FINANCIAL SECTION

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## DEPARTMENT OF AUDITS AND ACCOUNTS

254 Washington Street, S.W. Suite 214  
Atlanta, Georgia 30334-8400

**RUSSELL W. HINTON**  
STATE AUDITOR  
(404) 656-2174

### INDEPENDENT AUDITOR'S REPORT

The Honorable Sonny Perdue  
Governor of Georgia  
and  
Members of the General Assembly  
of the State of Georgia

We were engaged to audit the accompanying financial statements of the governmental activities and the major governmental fund – general fund, and we have audited the accompanying financial statements of the business-type activities, the aggregated discretely presented component units, the major governmental fund - Georgia State Financing and Investment Commission, each major proprietary fund – enterprise fund, and the aggregated remaining fund information of the State of Georgia as of and for the year ended June 30, 2003 which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of management of the State of Georgia. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain organizations. These organizations reflect the following percentages of total assets and revenues or additions of the indicated opinion units:

Opinion Unit	Percent of Opinion Unit's Total Assets	Percent of Opinion Unit's Total Revenues/Additions
Governmental Activities	21%	19%
Business-Type Activities	10%	34%
Aggregate Discretely Presented Component Units	77%	87%
Governmental Fund - General Fund	19%	19%
Governmental Fund - Georgia State Financing and Investment Commission	100%	100%
Proprietary Fund/Enterprise Fund -State Employees' Health Benefit Plan	100%	100%
Aggregate Remaining Fund Information	90%	41%

The financial statements of these organizations and component units were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for those financial statements, is based solely upon the reports of the other auditors.

Except as discussed in the following paragraphs, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Employees' Retirement System of Georgia, Georgia General Assembly, Georgia Lottery Corporation, and Teachers' Retirement System of Georgia were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

The State of Georgia's accounting system is decentralized in nature. The management of each organizational unit is responsible for maintaining accounting records pertinent to its operations and each retains complete responsibility and control over their operations, including revenue collections and disbursements. The State's principal accounting system, the Phoenix System, is utilized, in whole or in part, by 78 state organizations. This accounting system allows for the accumulation of financial data, by state organization, on a basis of accounting prescribed or permitted by the budgetary statutes and regulations of the State of Georgia. Constitutional and statutory provisions of the State of Georgia did not, as of the date of the issuance of this report, provide for a position or organizational unit responsible for the preparation of statewide financial statements. It was necessary for staff of the Department of Audits and Accounts to consolidate financial information presented in individual organization financial statements and to prepare adjusting journal entries necessary for the production of the basic financial statements. We are therefore not independent with regard to the preparation of accounting entries required to convert the consolidated budgetary financial statements to basic financial statements prepared in accordance with accounting principles generally accepted in the United States of America.

An independent audit of the Department of Community Health, which was conducted by other auditors, reported, "...*The Department of Community Health implemented the new MultiHealthNetwork (MHN) system on April 1, 2003. The new system administers the payment of claims, as well as provides customer service and health information for Medicaid and PeachCare recipients which are reflected in the governmental activities and the major governmental fund – general fund. Because the conversion to this new system was not appropriately controlled, errors in the processing of claims resulted. As a result, it was necessary to make advance payments to providers for the lag in payments due to the reprocessing of related claims. Ultimately, reconstruction and reconciliation of the payment records is needed to properly reflect payments made for health and welfare expenditures for the fiscal year 2003 and the resulting receivables, payables and federal revenues as of and for the year ended June 30, 2003. The adjustments, if any, to the respective financial statements of the governmental activities and the major governmental fund – general fund as of and for the year ended June 30, 2003 have not been determined. Additionally, management was unable to provide written conclusive representation of all facts and circumstances as to its responsibility for the fair presentation of the financial statements of the governmental activities and the major governmental fund – general fund as of and for the year ended June 30, 2003. Such representations are required under generally accepted auditing standards, and Government Auditing Standards, issued by the Comptroller General of the United States. As a result, we were unable to apply audit procedures sufficient to determine the extent to which the financial statements of the governmental activities and the major governmental fund – general fund may have been affected by the above mentioned conditions as of and for the year ended June 30, 2003...*" The financial statements of the governmental activities and the major governmental fund – general fund at the Department of Community Health are deemed to be material to the financial statements of the governmental activities and the major governmental fund – general fund for the State of Georgia as of and for the year ended June 30, 2003.

Because of the matter discussed above, the scope of our work and the work of other auditors, was not sufficient to enable us to express, and we do not express, an opinion on the financial statements of the governmental activities and the major governmental fund – general fund as of and for the year ended June 30, 2003.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities, the aggregated discretely presented component units, the Georgia State Financing and Investment Commission, Georgia Technology Authority, State Employees' Health Benefit Plan, Higher Education Fund, Unemployment Compensation Fund, and the aggregated remaining fund information of the State of Georgia as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 7, 2005, on our consideration of the State of Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunctions with this report in considering the results of our audit.

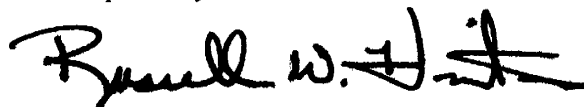
The State of Georgia has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The schedule of funding progress for the Employees' Retirement System of Georgia on page 79, and the budgetary comparison schedule and accompanying notes on pages 80 through 84 are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Georgia's basic financial statements. The combining statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Introductory and Statistical Sections as listed in the table of contents have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Russell W. Hinton", with a stylized flourish at the end.

Russell W. Hinton, CPA, CGFM  
State Auditor

January 7, 2005

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# BASIC FINANCIAL STATEMENTS

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## Statement of Net Assets June 30, 2003

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
<b>Assets</b>				
Cash and Cash Equivalents	\$ 1,918,345,707	\$ 1,798,486,172	\$ 3,716,831,879	\$ 437,195,060
Investments	3,883,467,743	575,581,333	4,459,049,076	343,653,340
Accounts Receivable (Net of Allowances for Uncollectibles)				
Interest and Dividends	37,813,255	—	37,813,255	9,750,253
Notes and Loans	—	45,265,820	45,265,820	973,253,000
Taxes	797,380,534	—	797,380,534	220,723
Other	695,758,240	234,793,210	930,551,450	130,854,749
Internal Balances	13,723,653	(13,723,653)	0	—
Due From Primary Government	—	—	0	2,803,240
Due From Component Units	74,413,457	52,226	74,465,683	—
Intergovernmental Receivables	1,560,952,772	95,805,720	1,656,758,492	10,211,514
Inventories	47,224,609	30,425,385	77,649,994	7,462,361
Prepaid Items	42,796,694	52,319,203	95,115,897	5,910,601
Other Assets	12,914,370	—	12,914,370	53,486,102
Restricted Assets				
Cash and Cash Equivalents	—	—	0	167,331,140
Investments	—	—	0	508,713,020
Receivables				
Loans (Net)	—	—	0	674,872,475
Interest and Dividends	—	—	0	6,407,492
Other	—	—	0	157,850
Advances to Component Units	35,352,693	—	35,352,693	—
Deferred Charges	—	—	0	18,527,942
Capital Assets (Net of Accumulated Depreciation)	15,400,364,888	3,703,718,320	19,104,083,208	936,024,725
Total Assets	\$ 24,520,508,615	\$ 6,522,723,736	\$ 31,043,232,351	\$ 4,286,835,587
<b>Liabilities</b>				
Accounts Payable and Other Accruals	\$ 1,322,867,477	\$ 77,381,342	\$ 1,400,248,819	\$ 91,367,309
Due to Primary Government	—	—	0	76,083,748
Due to Component Units	2,803,240	—	2,803,240	—
Salaries/Withholdings Payable	4,719,323	11,284,654	16,003,977	3,721,385
Benefits Payable	1,010,787,268	194,340,270	1,205,127,538	—
Accrued Interest Payable	114,756,443	332,483	115,088,926	8,595,242
Contracts Payable	49,778,906	7,021,198	56,800,104	19,979,289
Undistributed Local Government Sales Tax	78,310,619	—	78,310,619	—
Funds Held for Others	67,053,145	56,293,306	123,346,451	—
Deferred Revenue	363,933,585	269,859,073	633,792,658	48,477,730
Customer Deposits	500,234	—	500,234	—
Claims and Judgments Payable	356,918,338	—	356,918,338	—
Liabilities Payable from Restricted Assets	—	—	0	42,653,249
Unclaimed Bonds and Interest	547,557	—	547,557	—
Other Liabilities	52,122,414	23,531,980	75,654,394	22,924,383
Noncurrent Liabilities:				
Due within one year	516,931,677	95,397,727	612,329,404	86,505,318
Due in more than one year	5,905,895,493	246,657,309	6,152,552,802	1,872,548,629
Total Liabilities	\$ 9,847,925,719	\$ 982,099,342	\$ 10,830,025,061	\$ 2,272,856,282

The notes to the financial statements are an integral part of this statement.

## Statement of Net Assets June 30, 2003

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	\$ 10,494,764,447	\$ 3,517,357,655	\$ 14,012,122,102	\$ 705,022,046
Restricted for:				
Bond Covenants/Debt Service	—	—	—	25,116,456
Construction	—	—	—	3,198,178
Disaster Assistance	3,720,292	—	3,720,292	—
Distance Learning and Telemedicine	—	20,087,276	20,087,276	—
Guaranteed Revenue Debt Common Reserve Fund	47,424,046	—	47,424,046	—
Hazardous Waste Trust Fund	24,200,352	—	24,200,352	—
Loan and Grant Programs	—	—	—	27,873,450
Lottery for Education	251,429,560	—	251,429,560	—
Motor Fuel Tax Funds	860,394,150	—	860,394,150	—
Permanent Trusts:				
Nonexpendable	—	105,116,799	105,116,799	—
Expendable	—	182,154,423	182,154,423	—
Underground Storage Trust Fund	71,000,381	—	71,000,381	—
Unemployment Compensation Benefits	—	1,005,557,412	1,005,557,412	—
Other Purposes	33,938,231	314,612	34,252,843	8,039,953
Unrestricted	2,885,711,437	710,036,217	3,595,747,654	1,244,729,222
<b>Total Net Assets</b>	<b>\$ 14,672,582,896</b>	<b>\$ 5,540,624,394</b>	<b>\$ 20,213,207,290</b>	<b>\$ 2,013,979,305</b>

The notes to the financial statements are an integral part of this statement.



## Statement of Activities For the Fiscal Year Ended June 30, 2003

Functions/Programs	Expenses	Program Revenues		
		Sales and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities:				
General Government	\$ 1,411,121,239	\$ 1,198,780,172	\$ 230,046,472	\$ 3,757,069
Education	7,942,981,306	1,326,185	1,167,522,940	524,164
Health and Welfare	10,299,189,336	780,018,085	6,092,450,696	—
Transportation	1,096,837,030	14,313,741	341,291,079	616,588,210
Public Safety	1,779,431,612	382,390,432	163,647,586	—
Economic Development and Assistance	729,877,988	81,738,521	619,228,305	521,850
Culture and Recreation	199,872,826	125,583,326	53,101,087	—
Conservation	57,885,080	2,926,895	7,132,512	—
Interest and Other Charges on Long-Term Debt	342,747,642	—	—	—
Total Governmental Activities	\$ 23,859,944,059	\$ 2,587,077,357	\$ 8,674,420,677	\$ 621,391,293
Business-Type Activities:				
Georgia Technology Authority	\$ 207,164,956	\$ 207,891,043	\$ —	\$ 28,932
Higher Education Fund	4,640,361,002	1,210,451,623	1,308,997,531	—
State Employees' Health Benefit Plan	1,677,981,448	—	1,656,633,369	—
Unemployment Compensation Fund	995,169,112	128,546,240	259,073,836	—
Total Business-Type Activities	\$ 7,520,676,518	\$ 1,546,888,906	\$ 3,224,704,736	\$ 28,932
Total primary government	\$ 31,380,620,577	\$ 4,133,966,263	\$ 11,899,125,413	\$ 621,420,225
<b>Component Units</b>				
Development Authority	\$ 2,729,116	\$ 4,847,069	\$ —	\$ —
Environmental Facilities Authority	29,328,797	28,485,088	33,119,019	35,772,314
Housing and Finance Authority	96,600,013	54,832,299	36,691,145	—
Lottery Corporation	2,459,073,000	2,456,866,000	—	—
Ports Authority	106,860,000	121,453,000	—	11,378,000
Road and Tollway Authority	154,559,283	22,047,580	—	—
Stone Mountain Memorial Association	9,246,891	11,611,423	—	—
Student Finance Authority	25,271,232	22,290,030	866,076	—
World Congress Center Authority	103,271,791	50,217,913	295,550	—
Nonmajor Component Units	285,855,948	95,077,499	40,421,080	13,853,984
Total Component Units	\$ 3,272,796,071	\$ 2,867,727,901	\$ 111,392,870	\$ 61,004,298

### General Revenues:

Taxes  
 Grants and Contributions not restricted to specific programs  
 Unrestricted Investment Income  
 Unclaimed Property  
 Other  
 Payments from the State of Georgia  
 Special Item - Loss on Inventory Obsolescence  
 Extraordinary Item - Property Tax on Land Purchase  
 Transfers

Total General Revenues, Special Items, and Transfers

Change in Net Assets

Net Assets - Beginning - Restated

Net Assts - Ending

The notes to the financial statements are an integral part of this statement.

**Net (Expense) Revenue and  
Changes in Net Assets**

<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ 21,462,474	—	\$ 21,462,474	—
(6,773,608,017)	—	(6,773,608,017)	—
(3,426,720,555)	—	(3,426,720,555)	—
(124,644,000)	—	(124,644,000)	—
(1,233,393,594)	—	(1,233,393,594)	—
(28,389,312)	—	(28,389,312)	—
(21,188,413)	—	(21,188,413)	—
(47,825,673)	—	(47,825,673)	—
(342,747,642)	—	(342,747,642)	—
<u>\$ (11,977,054,732)</u>	<u>—</u>	<u>\$ (11,977,054,732)</u>	<u>—</u>
—	\$ 755,019	\$ 755,019	—
—	(2,120,911,848)	(2,120,911,848)	—
—	(21,348,079)	(21,348,079)	—
—	(607,549,036)	(607,549,036)	—
—	<u>\$ (2,749,053,944)</u>	<u>\$ (2,749,053,944)</u>	<u>—</u>
—	<u>\$ (2,749,053,944)</u>	<u>\$ (14,726,108,676)</u>	<u>—</u>
—	—	—	\$ 2,117,953
—	—	—	68,047,624
—	—	—	(5,076,569)
—	—	—	(2,207,000)
—	—	—	25,971,000
—	—	—	(132,511,703)
—	—	—	2,364,532
—	—	—	(2,115,126)
—	—	—	(52,758,328)
—	—	—	(136,503,385)
—	—	—	<u>\$ (232,671,002)</u>
\$ 12,960,192,619	\$ —	\$ 12,960,192,619	\$ 21,083,576
336,793	—	336,793	—
260,409,399	107,562,266	367,971,665	43,346,975
43,718,971	—	43,718,971	—
8,819,960	—	8,819,960	7,791,320
—	—	0	183,400,040
(906,725)	—	(906,725)	—
—	—	0	(25,616)
<u>(2,132,445,683)</u>	<u>2,132,445,683</u>	<u>0</u>	<u>—</u>
<u>\$ 11,140,125,334</u>	<u>\$ 2,240,007,949</u>	<u>\$ 13,380,133,283</u>	<u>\$ 255,596,295</u>
<u>\$ (836,929,398)</u>	<u>\$ (509,045,995)</u>	<u>\$ (1,345,975,393)</u>	<u>\$ 22,925,293</u>
<u>15,509,512,294</u>	<u>6,049,670,389</u>	<u>21,559,182,683</u>	<u>1,991,054,012</u>
<u>\$ 14,672,582,896</u>	<u>\$ 5,540,624,394</u>	<u>\$ 20,213,207,290</u>	<u>\$ 2,013,979,305</u>

## Balance Sheet Governmental Funds June 30, 2003

	General Fund	Georgia State Financing and Investment Commission	Nonmajor Funds	Total
<b>Assets</b>				
Cash and Cash Equivalents	\$ 1,500,791,457	\$ 134,798,136	\$ 122,161,562	\$ 1,757,751,155
Investments	1,459,423,962	1,278,929,433	1,651,454	2,740,004,849
Receivables (Net of Allowances for Uncollectibles)				
Taxes	797,380,534	—	—	797,380,534
Interest and Dividends	37,812,073	—	—	37,812,073
Notes and Loans	1,325,257	—	—	1,325,257
Other	684,639,902	—	237,159	684,877,061
Due from Component Units	70,068,581	881,332	—	70,949,913
Intergovernmental Receivables	1,557,157,772	—	—	1,557,157,772
Inventories	39,266,649	—	—	39,266,649
Prepaid Items	42,641,137	—	—	42,641,137
Other Assets	12,914,370	—	—	12,914,370
<b>Total Assets</b>	<b>\$ 6,203,421,694</b>	<b>\$ 1,414,608,901</b>	<b>\$ 124,050,175</b>	<b>\$ 7,742,080,770</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts Payable and Other Accruals	\$ 1,299,591,083	\$ 19,682,157	\$ —	\$ 1,319,273,240
Due to Other Funds	5,204,358	—	—	5,204,358
Due to Component Units	2,803,240	—	—	2,803,240
Salaries/Withholdings Payable	4,563,699	—	—	4,563,699
Benefits Payable	1,010,787,268	—	—	1,010,787,268
Contracts Payable	4,921,944	44,829,722	—	49,751,666
Undistributed Local Government Sales Tax	78,310,619	—	—	78,310,619
Funds Held for Others	67,053,145	—	—	67,053,145
Deferred Revenue	359,976,655	1,725,750	—	361,702,405
Other Liabilities	3,512,768	—	—	3,512,768
<b>Total Liabilities</b>	<b>\$ 2,836,724,779</b>	<b>\$ 66,237,629</b>	<b>\$ 0</b>	<b>\$ 2,902,962,408</b>
<b>Fund Balances:</b>				
Reserved for Debt Service	\$ —	\$ —	\$ 115,081,862	\$ 115,081,862
Reserved for Encumbrances	689,357,100	—	—	689,357,100
Reserved for Guaranteed Revenue Debt Common Reserve Fund	47,424,046	—	—	47,424,046
Reserved for Hazardous Waste Trust Fund	24,200,352	—	—	24,200,352
Reserved for Inventories	45,014,208	—	—	45,014,208
Reserved for Jobs and Growth Tax Relief Reconciliation Act of 2003	139,191,036	—	—	139,191,036
Reserved for Lottery for Education	479,734,194	—	—	479,734,194
Reserved for Midyear Adjustment	136,248,467	—	—	136,248,467
Reserved for Motor Fuel Tax Funds	860,841,831	—	—	860,841,831
Reserved for Revenue Shortfall	260,600,570	—	—	260,600,570
Reserved for Tobacco Settlement Funds	200,144,644	—	—	200,144,644
Reserved for Underground Storage Trust Fund	71,000,381	—	—	71,000,381
Reserved for Other Specific Purposes	390,804,603	—	1,616,245	392,420,848
Unreserved, Designated				
Designated for Capital Outlay	—	1,348,371,272	—	1,348,371,272
Designated for Liability Trust Fund	12,582,417	—	—	12,582,417
Unreserved, Undesignated, Reported in				
General Fund	9,553,066	—	—	9,553,066
Capital Projects Funds	—	—	7,352,068	7,352,068
<b>Total Fund Balances</b>	<b>\$ 3,366,696,915</b>	<b>\$ 1,348,371,272</b>	<b>\$ 124,050,175</b>	<b>\$ 4,839,118,362</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,203,421,694</b>	<b>\$ 1,414,608,901</b>	<b>\$ 124,050,175</b>	<b>\$ 7,742,080,770</b>

The notes to the financial statements are an integral part of this statement.

## Reconciliation of the Balance Sheet – Governmental Funds To the Statement of Net Assets June 30, 2003

**Total Fund Balances – Governmental Funds** **\$ 4,839,118,362**

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Land	\$ 395,372,063	
Buildings and Building Improvements	2,243,385,059	
Improvements Other Than Buildings	54,700,616	
Equipment	670,304,576	
Infrastructure	16,175,030,714	
Construction in Progress	1,533,723,669	
Works of Art	5,073,033	
Software	67,254,535	
Library Books	3,200,000	
Accumulated Depreciation	<u>(5,985,251,583)</u>	15,162,792,682

Certain long-term assets are not current available financial resources and, therefore, are not reported in the funds. 41,386,677

Certain liabilities are not accrued in governmental funds until they are due and payable, but must be recognized in the Statement of Net Assets. (163,913,646)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of a majority of the internal service funds are included in governmental activities in the Statement of Net Assets. 1,211,780,010

Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

General Obligation Bonds	\$ (6,083,975,000)	
General State Bonds	(15,505)	
Capital Leases	(5,410,134)	
Compensated Absences	(244,979,263)	
Long-Term Notes	(2,570,440)	
Contracts Payable	(40,786,966)	
Arbitrage Rebate	<u>(40,843,881)</u>	(6,418,581,189)

**Total Net Assets – Governmental Activities** **\$ 14,672,582,896**

## Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2003

	General Fund	Georgia State Financing and Investment Commission	Nonmajor Funds	Total
<b>Revenues:</b>				
Taxes	\$ 12,960,192,619	\$ —	\$ —	\$ 12,960,192,619
Licenses and Permits	425,769,954	—	—	425,769,954
Intergovernmental - Federal	8,905,213,549	—	—	8,905,213,549
Sales and Services	1,148,834,792	—	—	1,148,834,792
Fines and Forfeits	270,340,895	—	—	270,340,895
Interest and Other Investment Income	109,156,721	81,809,672	270,285	191,236,678
Rents and Royalties	16,291,170	—	61,402	16,352,572
Contributions and Donations	322,726,754	—	—	322,726,754
Penalties and Interest on Taxes	7,750,152	—	—	7,750,152
Unclaimed Property	43,718,971	—	—	43,718,971
Lottery Proceeds	751,557,000	—	—	751,557,000
Other	(2,604,916)	305,506	—	(2,299,410)
<b>Total Revenues</b>	<b>\$ 24,958,947,661</b>	<b>\$ 82,115,178</b>	<b>\$ 331,687</b>	<b>\$ 25,041,394,526</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	\$ 997,050,076	\$ —	\$ 11,100	\$ 997,061,176
Education	7,948,433,637	—	657	7,948,434,294
Health and Welfare	10,249,540,459	—	—	10,249,540,459
Transportation	1,681,771,067	—	—	1,681,771,067
Public Safety	1,755,103,118	—	—	1,755,103,118
Economic Development and Assistance	742,168,497	—	—	742,168,497
Culture and Recreation	236,630,788	—	—	236,630,788
Conservation	56,667,758	—	—	56,667,758
Capital Outlay	—	824,857,628	387,253	825,244,881
Debt Service				
Principal	—	—	511,006,402	511,006,402
Interest	—	—	344,757,107	344,757,107
Accrued Interest on Bonds Retired in Advance	—	—	422,285	422,285
Discount on Bonds Retired in Advance	—	—	(12,101,415)	(12,101,415)
Other Debt Service Charges	—	5,846,147	—	5,846,147
<b>Total Expenditures</b>	<b>\$ 23,667,365,400</b>	<b>\$ 830,703,775</b>	<b>\$ 844,483,389</b>	<b>\$ 25,342,552,564</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ 1,291,582,261</b>	<b>\$ (748,588,597)</b>	<b>\$ (844,151,702)</b>	<b>\$ (301,158,038)</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Issuance of General Obligation Bonds	\$ —	\$ 552,513,811	\$ —	\$ 552,513,811
Proceeds from Disposition of General Capital Assets	5,228,371	—	—	5,228,371
Proceeds from Capital Leases	1,795,824	—	—	1,795,824
Transfers In	220,200,774	5,634,329	730,896,853	956,731,956
Transfers Out	(2,642,722,259)	(255,706,780)	—	(2,898,429,039)
<b>Net Other Financing Sources (Uses)</b>	<b>\$ (2,415,497,290)</b>	<b>\$ 302,441,360</b>	<b>\$ 730,896,853</b>	<b>\$ (1,382,159,077)</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>\$ (1,123,915,029)</b>	<b>\$ (446,147,237)</b>	<b>\$ (113,254,849)</b>	<b>\$ (1,683,317,115)</b>
<b>Fund Balances, July 1 (Restated)</b>	<b>4,491,689,031</b>	<b>1,794,518,509</b>	<b>237,305,024</b>	<b>6,523,512,564</b>
<b>Decrease in Inventories</b>	<b>(1,077,087)</b>	<b>—</b>	<b>—</b>	<b>(1,077,087)</b>
<b>Fund Balances, June 30</b>	<b>\$ 3,366,696,915</b>	<b>\$ 1,348,371,272</b>	<b>\$ 124,050,175</b>	<b>\$ 4,839,118,362</b>

The notes to the financial statements are an integral part of this statement.

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2003

**Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses - Governmental Funds** **\$ (1,683,317,115)**

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay (net of losses), net of transfers to Business-Type Activities, Component Units and outside organizations.	\$ 1,104,566,970	
Depreciation expense	<u>(255,253,080)</u>	849,313,890

Collection of long-term receivables is reported as revenue in governmental funds, but the collection reduces the receivable in the Statement of Net Assets. (3,370,553)

Revenues that did not meet the criteria for recognition in the prior year governmental funds were reported in the current year. These revenues were reported in the prior year in the Statement of Activities. (9,608,114)

Bond proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Assets. (\$52,513,811)

Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Assets, the lease obligation is reported as a liability. (1,795,824)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces the long-term liabilities in the Statement of Net Assets. Payments were made on the following long-term liabilities:

General Obligation Bonds	\$ 510,945,000	
Contracts	13,883,246	
Notes	61,402	
Capital Leases	<u>2,297,137</u>	527,186,785

Internal service funds are used by management to charge the costs of certain activities to individual funds. The incorporation of the external activities of these funds, and the elimination of profit/loss generated by primary government customers results in net revenue (expense) for Governmental Activities. 47,051,087

Inventories accounted for using the purchases method are reported in the governmental funds. In the Statement of Net Assets, such amounts are reported as assets until the inventory is consumed. (1,077,087)

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This adjustment combines the net changes in the following balances:

Compensated Absences	\$ (4,976,930)	
Accrued Interest	(1,376,242)	
Arbitrage Rebate	<u>(2,445,484)</u>	<u>(8,798,656)</u>

**Change in Net Assets - Governmental Activities** **\$ (836,929,398)**

**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2003**

	Business-Type Activities - Enterprise Funds			
	Georgia Technology Authority	Higher Education Fund	State Employees' Health Benefit Plan	Unemployment Compensation Fund
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 56,823,488	\$ 410,393,283	\$ 341,127,250	\$ 986,287,995
Investments	11,043,026	162,360,121	58,975,674	—
Accounts Receivable (Net of Allowances for Uncollectibles)	4,655,516	182,255,915	29,984,124	17,714,002
Due From Other Funds	5,588,048	—	—	—
Due From Component Units	52,226	—	—	—
Intergovernmental Receivables	108,050	93,874,370	—	1,823,300
Inventories	2,156,381	28,265,464	—	—
Prepaid Items	—	52,319,203	—	—
Noncurrent Assets:				
Cash and Cash Equivalents	—	3,548,334	—	—
Investments	—	121,383,078	221,819,434	—
Notes Receivable	—	45,265,820	—	—
Capital Assets:				
Land	—	142,354,526	—	—
Buildings and Building Improvements	—	3,773,447,041	—	—
Improvements Other Than Buildings	—	209,015,223	—	—
Machinery and Equipment	67,190,148	1,078,535,150	—	—
Software	39,328,938	—	—	—
Library Collections	—	527,099,745	—	—
Works of Art and Collections	—	15,241,224	—	—
Infrastructure	—	121,372,403	—	—
Construction in Progress	—	73,563,651	—	—
Accumulated Depreciation	(66,554,243)	(2,276,889,006)	—	—
Total Assets	\$ 120,391,578	\$ 4,763,405,545	\$ 651,906,482	\$ 1,005,825,297

The notes to the financial statements are an integral part of this statement.

		Governmental Activities - Internal Service Funds
	Total	
\$	1,794,632,016	\$ 160,900,374
	232,378,821	60,971,032
	234,609,557	6,988,548
	5,588,048	3,795,000
	52,226	—
	95,805,720	—
	30,421,845	7,961,500
	52,319,203	155,557
	3,548,334	—
	343,202,512	1,082,491,862
	45,265,820	—
	142,354,526	23,355,264
	3,773,447,041	308,466,482
	209,015,223	4,954,083
	1,145,725,298	26,160,332
	39,328,938	—
	527,099,745	—
	15,241,224	1,239,575
	121,372,403	—
	73,563,651	—
	(2,343,443,249)	(126,590,010)
\$	6,541,528,902	\$ 1,560,849,599

(continued)



**Statement of Net Assets**  
**Proprietary Funds (continued)**  
**June 30, 2003**

	Business-Type Activities - Enterprise Funds			
	Georgia Technology Authority	Higher Education Fund	State Employees' Health Benefit Plan	Unemployment Compensation Fund
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable and Other Accruals	\$ 716,165	\$ 69,122,696	\$ 7,267,725	\$ 267,885
Due to Other Funds	—	111,346	—	—
Salaries/Withholdings Payable	55,137	11,222,810	6,707	—
Benefits Payable	—	20,556,348	173,783,922	—
Accrued Interest Payable	332,483	—	—	—
Contracts Payable	—	7,021,198	—	—
Funds Held for Others	—	56,293,306	—	—
Deferred Revenue	—	226,856,588	43,002,485	—
Customer Deposits	—	—	—	—
Claims and Judgments Payable	—	—	—	—
Compensated Absences Payable - Current	2,381,856	84,643,932	72,795	—
Capital Leases/Installment Purchases Payable - Current	2,130,291	5,823,894	—	—
Notes Payable - Current	—	344,959	—	—
Other Current Liabilities	—	23,531,980	—	—
Noncurrent Liabilities:				
Deferred Revenue	—	150,000	—	—
Compensated Absences Payable	1,789,197	63,644,836	99,870	—
Capital Leases/Installment Purchases Payable	4,610,623	173,862,675	—	—
Notes Payable	—	2,500,108	—	—
<b>Total Liabilities</b>	<b>\$ 12,015,752</b>	<b>\$ 745,686,676</b>	<b>\$ 224,233,504</b>	<b>\$ 267,885</b>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	\$ 33,223,929	\$ 3,484,120,206	\$ —	\$ —
Restricted for:				
Distance Learning and Telemedicine	20,087,276	—	—	—
Permanent Trusts:				
Nonexpendable	—	105,116,799	—	—
Expendable	—	182,154,423	—	—
Unemployment Compensation Benefits	—	—	—	1,005,557,412
Other Purposes	—	314,612	—	—
Unrestricted	55,064,621	246,012,829	427,672,978	—
<b>Total Net Assets</b>	<b>\$ 108,375,826</b>	<b>\$ 4,017,718,869</b>	<b>\$ 427,672,978</b>	<b>\$ 1,005,557,412</b>

Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.

Net Assets of Business-Type Activities

		Governmental Activities - Internal Service Funds
	Total	
\$	77,374,471	\$ 3,601,107
	111,346	90,576
	11,284,654	155,624
	194,340,270	—
	332,483	—
	7,021,198	27,240
	56,293,306	—
	269,859,073	2,231,180
	0	500,234
	0	356,918,338
	87,098,583	2,751,776
	7,954,185	13,170
	344,959	—
	23,531,980	—
	150,000	—
	65,533,903	1,479,886
	178,473,298	1,149
	2,500,108	—
\$	<u>982,203,817</u>	\$ <u>367,770,280</u>
\$	3,517,344,135	\$ 237,571,407
	20,087,276	—
	105,116,799	—
	182,154,423	—
	1,005,557,412	—
	314,612	2,007,863
	<u>728,750,428</u>	<u>953,500,049</u>
\$	<u>5,559,325,085</u>	\$ <u>1,193,079,319</u>
\$	<u>(18,700,691)</u>	
\$	<u>5,540,624,394</u>	

## Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Funds For the Fiscal Year Ended June 30, 2003

	Business-Type Activities -		
	Georgia Technology Authority	Higher Education Fund	State Employees' Health Benefit Plan
Operating Revenues:			
Grants and Contributions/Premiums	\$ —	\$ 1,145,802,697	\$ 1,656,633,369
Rents and Royalties	—	2,209,563	—
Sales and Services	207,891,043	1,076,087,446	—
Other	—	129,439,584	—
Total Operating Revenues	\$ 207,891,043	\$ 2,353,539,290	\$ 1,656,633,369
Operating Expenses:			
Personal Services	\$ 54,128,501	\$ 2,715,140,650	\$ 3,388,228
Services and Supplies	134,109,101	1,645,270,974	430,385,725
Benefits	—	—	1,244,207,495
Claims and Judgments	—	—	—
Depreciation	17,566,333	220,321,896	—
Total Operating Expenses	\$ 205,803,935	\$ 4,580,733,520	\$ 1,677,981,448
Operating Income (Loss)	\$ 2,087,108	\$ (2,227,194,230)	\$ (21,348,079)
Nonoperating Revenues (Expenses):			
Grants and Contributions	\$ —	\$ 163,194,834	\$ —
Interest and Other Investment Income	866,664	19,556,561	10,815,458
Interest Expense	(405,300)	(8,339,459)	—
Other	(405,896)	(49,226,067)	—
Total Nonoperating Revenues (Expenses)	\$ 55,468	\$ 125,185,869	\$ 10,815,458
Income (Loss) Before Contributions, Transfers and Special Item	\$ 2,142,576	\$ (2,102,008,361)	\$ (10,532,621)
Capital Contributions	\$ 28,932	\$ 208,967,503	\$ —
Special Item - Loss on Inventory Obsolescence	\$ —	\$ —	\$ —
Transfers:			
Transfers In	\$ 21,195,417	\$ 1,975,159,405	\$ —
Transfers Out	(23,164,928)	(42,493,815)	—
Net Transfers	\$ (1,969,511)	\$ 1,932,665,590	\$ 0
Change in Net Assets	\$ 201,997	\$ 39,624,732	\$ (10,532,621)
Net Assets, July 1 (Restated)	108,173,829	3,978,094,137	438,205,599
Net Assets, June 30	\$ 108,375,826	\$ 4,017,718,869	\$ 427,672,978

Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.

Change in Net Assets of Business-Type Activities

Enterprise Funds		Governmental
Unemployment Compensation Fund	Total	Activities - Internal Service Funds
\$ 387,574,329	\$ 3,190,010,395	\$ 125,875,220
—	2,209,563	38,943,968
—	1,283,978,489	69,164,957
45,747	129,485,331	1,790,813
<u>\$ 387,620,076</u>	<u>\$ 4,605,683,778</u>	<u>\$ 235,774,958</u>
\$ —	\$ 2,772,657,379	\$ 46,002,782
—	2,209,765,800	94,041,826
995,169,112	2,239,376,607	18,924,000
—	0	104,952,614
—	237,888,229	12,059,865
<u>\$ 995,169,112</u>	<u>\$ 7,459,688,015</u>	<u>\$ 275,981,087</u>
<u>\$ (607,549,036)</u>	<u>\$ (2,854,004,237)</u>	<u>\$ (40,206,129)</u>
\$ —	\$ 163,194,834	\$ —
76,323,583	107,562,266	69,172,720
—	(8,744,759)	(1,792)
—	(49,631,963)	(2,211,778)
<u>\$ 76,323,583</u>	<u>\$ 212,380,378</u>	<u>\$ 66,959,150</u>
<u>\$ (531,225,453)</u>	<u>\$ (2,641,623,859)</u>	<u>\$ 26,753,021</u>
<u>\$ —</u>	<u>\$ 208,996,435</u>	<u>\$ 6,755,123</u>
<u>\$ —</u>	<u>\$ 0</u>	<u>\$ (906,725)</u>
\$ —	\$ 1,996,354,822	\$ 36,424,238
—	(65,658,743)	(29,089,220)
<u>\$ 0</u>	<u>\$ 1,930,696,079</u>	<u>\$ 7,335,018</u>
\$ (531,225,453)	\$ (501,931,345)	\$ 39,936,437
<u>1,536,782,865</u>		<u>1,153,142,882</u>
<u>\$ 1,005,557,412</u>		<u>\$ 1,193,079,319</u>
	<u>(7,114,650)</u>	
	<u>\$ (509,045,995)</u>	

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2003**

	Business-	
	Georgia Technology Authority	Higher Education Fund
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 218,647,404	\$ 1,078,643,438
Cash Received from Grants and Required Contributions/Premiums	—	1,137,697,137
Cash Paid to Vendors	(140,447,840)	(2,078,990,268)
Cash Paid to Employees	(54,164,414)	(2,282,823,011)
Cash Paid for Benefits	—	—
Cash Paid for Claims and Judgments	—	—
Cash Paid for Scholarships, Fellowships and Loans	—	(212,249,927)
Other Operating Items (Net)	—	339,328,549
Net Cash Provided by (Used in) Operating Activities	\$ 24,035,150	\$ (2,018,394,082)
Cash Flows from Noncapital Financing Activities:		
Transfers from Other Funds	\$ 21,195,417	\$ 1,976,284,187
Transfers to Other Funds	(23,164,928)	(42,493,815)
Other Noncapital Items (Net)	(2,900,000)	136,947,383
Net Cash Provided by (Used in) Noncapital Financing Activities	\$ (4,869,511)	\$ 2,070,737,755
Cash Flows from Capital and Related Financing Activities:		
Capital Contributions	\$ —	\$ 14,334,355
Proceeds from Issuance of Capital Debt	—	1,548,643
Proceeds from Sale of Capital Assets	—	991,336
Acquisition and Construction of Capital Assets	(7,989,283)	(219,609,617)
Principal Paid on Capital Debt	(3,090,727)	(7,288,269)
Interest Paid on Capital Debt	(466,570)	(8,320,124)
Net Cash Used in Capital and Related Financing Activities	\$ (11,546,580)	\$ (218,343,676)
Cash Flows from Investing Activities:		
Purchase of Investments (Net)	\$ 9,927,187	\$ 46,050,534
Interest and Dividends Received	866,664	17,957,498
Net Cash Provided by Investing Activities	\$ 10,793,851	\$ 64,008,032
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 18,412,910	\$ (101,991,971)
Cash and Cash Equivalents, July 1	38,410,578	515,933,588
Cash and Cash Equivalents, June 30	\$ 56,823,488	\$ 413,941,617

The notes to the financial statements are an integral part of this statement.

Type Activities - Enterprise Funds			Governmental
State			Activities -
Employees' Health Benefit Plan	Unemployment Compensation Fund	Total	Internal Service Funds
\$ —	\$ —	\$ 1,297,290,842	\$ 114,851,920
1,653,183,409	383,933,866	3,174,814,412	123,214,621
(437,021,496)	—	(2,656,459,604)	(95,038,644)
(3,443,928)	—	(2,340,431,353)	(45,965,879)
(1,232,896,542)	(995,091,534)	(2,227,988,076)	(18,924,000)
—	—	0	(101,068,531)
—	—	(212,249,927)	—
—	—	339,328,549	8
<u>\$ (20,178,557)</u>	<u>\$ (611,157,668)</u>	<u>\$ (2,625,695,157)</u>	<u>\$ (22,930,505)</u>
\$ —	\$ —	\$ 1,997,479,604	\$ 40,475,064
(34,000,000)	—	(99,658,743)	(33,140,046)
—	—	134,047,383	147,413
<u>\$ (34,000,000)</u>	<u>\$ 0</u>	<u>\$ 2,031,868,244</u>	<u>\$ 7,482,431</u>
\$ —	\$ —	\$ 14,334,355	\$ 2,998,054
—	—	1,548,643	—
—	—	991,336	60,618
—	—	(227,598,900)	(6,845,075)
—	—	(10,378,996)	—
—	—	(8,786,694)	(1,792)
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (229,890,256)</u>	<u>\$ (3,788,195)</u>
\$ 19,033,056	\$ —	\$ 75,010,777	\$ 40,191,562
9,004,955	76,323,583	104,152,700	56,634,943
<u>\$ 28,038,011</u>	<u>\$ 76,323,583</u>	<u>\$ 179,163,477</u>	<u>\$ 96,826,505</u>
\$ (26,140,546)	\$ (534,834,085)	\$ (644,553,692)	\$ 77,590,236
367,267,796	1,521,122,080	2,442,734,042	83,310,138
<u>\$ 341,127,250</u>	<u>\$ 986,287,995</u>	<u>\$ 1,798,180,350</u>	<u>\$ 160,900,374</u>

(continued)

**Statement of Cash Flows**  
**Proprietary Funds (continued)**  
**For the Fiscal Year Ended June 30, 2003**

	Business-	
	Georgia Technology Authority	Higher Education Fund
Operating Income (Loss)	\$ 2,087,108	\$ (2,227,194,230)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Depreciation Expense	17,566,333	220,321,896
Changes in Assets and Liabilities:		
Decrease (Increase) in Accounts Receivable	8,105	(48,260,076)
Decrease (Increase) in Due From Other Funds	10,863,955	—
Increase in Due From Component Units	(7,649)	—
Decrease (Increase) in Intergovernmental Receivables	(108,050)	—
Decrease (Increase) in Inventories	(281,785)	(470,996)
Decrease in Prepaid Items	518,798	6,576,203
Decrease in Notes Receivable	—	1,803,216
Increase (Decrease) in Accounts Payable and Other Accruals	(6,575,752)	(10,230,830)
Decrease in Due to Other Funds	—	(607,546)
Increase (Decrease) in Salaries/Withholdings Payable	(27,630)	783,451
Increase (Decrease) in Benefits Payable	—	(8,721,611)
Increase in Claims and Judgments Payable	—	—
Increase (Decrease) in Contracts Payable	—	1,689,066
Increase in Deferred Revenue	—	35,202,431
Decrease in Customer Deposits	—	—
Increase (Decrease) in Compensated Absences Payable	(8,283)	9,173,144
Increase in Other Liabilities	—	1,541,800
Net Cash Provided by (Used) in Operating Activities	\$ 24,035,150	\$ (2,018,394,082)
Noncash Investing, Capital, and Financing Activities:		
Acquisition of Capital Assets through Capital Leases	\$ —	\$ 103,482,433
Donation of Capital Assets	—	101,876,230
Net Increase (Decrease) in Fair Value of Investments	—	(98,625)
Other	—	600,020

The notes to the financial statements are an integral part of this statement.

Type Activities - Enterprise Funds			Governmental
State			Activities -
Employees' Health Benefit Plan	Unemployment Compensation Fund	Total	Internal Service Funds
\$ (21,348,079)	\$ (607,549,036)	\$ (2,854,004,237)	\$ (40,206,129)
—	—	237,888,229	12,059,865
(10,571,118)	(4,468,984)	(63,292,073)	2,128,611
—	—	10,863,955	(852,660)
—	—	(7,649)	—
—	782,774	674,724	—
—	—	(752,781)	453,134
—	—	7,095,001	135,726
—	—	1,803,216	—
(6,635,771)	77,578	(23,364,775)	(1,100,954)
—	—	(607,546)	(464,924)
3,212	—	759,033	135,314
11,310,953	—	2,589,342	—
—	—	0	3,884,083
—	—	1,689,066	(22,323)
7,121,158	—	42,323,589	1,280,085
—	—	0	(264,424)
(58,912)	—	9,105,949	(95,909)
—	—	1,541,800	—
<u>\$ (20,178,557)</u>	<u>\$ (611,157,668)</u>	<u>\$ (2,625,695,157)</u>	<u>\$ (22,930,505)</u>
\$ —	\$ —	\$ 103,482,433	\$ —
—	—	101,876,230	—
1,810,503	—	1,711,878	12,563,489
—	—	600,020	—





**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2003**

	Pension Trust	Investment Trust	Private Purpose Trust	Agency	Total
<b>Assets</b>					
Cash and Cash Equivalents	\$ 26,133,222	\$ 2,856,193,125	\$ 77,657,591	\$ 192,035,849	\$ 3,152,019,787
Receivables					
Interest and Dividends	178,676,326	—	—	—	178,676,326
Due from Brokers for Securities Sold	103,446,817	—	—	—	103,446,817
Other	169,713,660	—	32,243	(686,451)	169,059,452
Investments, at Fair Value					
Certificates of Deposit	—	—	—	3,848,163	3,848,163
Investment Accounts	70,343,283	—	—	—	70,343,283
Pooled Investments	12,703,123,515	974,894,205	10,394,888	201,668,295	13,890,080,903
Mutual Funds	5,347,630	—	—	—	5,347,630
Repurchase Agreements	906,224,000	—	—	—	906,224,000
U. S. Government Securities and Corporate Obligations	18,309,031,266	—	—	—	18,309,031,266
Stocks	20,486,179,623	—	—	—	20,486,179,623
Real Estate/Mortgages	7,488,000	—	—	—	7,488,000
Capital Assets					
Land	133,656	—	—	—	133,656
Buildings	414,020	—	—	—	414,020
Software	5,856,000	—	—	—	5,856,000
Machinery and Equipment	1,213,278	—	150,643	—	1,363,921
Accumulated Depreciation	(725,739)	—	(92,425)	—	(818,164)
<b>Total Assets</b>	<b>\$ 52,972,598,557</b>	<b>\$ 3,831,087,330</b>	<b>\$ 88,142,940</b>	<b>\$ 396,865,856</b>	<b>\$ 57,288,694,683</b>
<b>Liabilities</b>					
Accounts Payable and Other Accruals	\$ 19,598,880	\$ —	\$ 4,874	\$ —	\$ 19,603,754
Due to Other Funds	3,976,768	—	—	—	3,976,768
Due to Brokers for Securities Purchased	113,923,728	—	—	—	113,923,728
Salaries/Withholdings Payable	166,876	—	—	—	166,876
Funds Held for Others	—	—	—	396,865,856	396,865,856
Deferred Revenue	7,300	—	—	—	7,300
Compensated Absences Payable	19,575	—	102,028	—	121,603
Capital Leases Payable	3,712	—	—	—	3,712
<b>Total Liabilities</b>	<b>\$ 137,696,839</b>	<b>\$ 0</b>	<b>\$ 106,902</b>	<b>\$ 396,865,856</b>	<b>\$ 534,669,597</b>
<b>Net Assets</b>					
Held in Trust for:					
Pension Benefits	\$ 52,834,901,718	\$ —	\$ —	\$ —	\$ 52,834,901,718
Pool Participants	—	3,831,087,330	—	—	3,831,087,330
Other Purposes	—	—	88,036,038	—	88,036,038
<b>Total Net Assets</b>	<b>\$ 52,834,901,718</b>	<b>\$ 3,831,087,330</b>	<b>\$ 88,036,038</b>	<b>\$ 0</b>	<b>\$ 56,754,025,086</b>

The notes to the financial statements are an integral part of this statement.

## Statement of Changes in Fiduciary Net Assets Fiduciary Funds For the Fiscal Year Ended June 30, 2003

	Pension Trust	Investment Trust	Private Purpose Trust	Total
<b>Additions:</b>				
Contributions/Assessments				
Employer	\$ 1,018,451,327	\$ —	\$ —	\$ 1,018,451,327
Plan Members	517,717,986	—	158,447,092	676,165,078
Other Contributions				
Fines and Bond Forfeitures	17,726,870	—	—	17,726,870
Insurance Company Premium Taxes	16,817,708	—	—	16,817,708
Other Fees	2,413,293	—	—	2,413,293
Interest and Other Investment Income				
Dividends and Interest	1,327,244,131	68,511,667	544,426	1,396,300,224
Net Appreciation (Depreciation) in Fair Value of Investments	951,960,178	1,074,297	—	953,034,475
Less: Investment Expense	(46,152,494)	(1,132,249)	—	(47,284,743)
Pool Participant Deposits	—	4,971,015,792	—	4,971,015,792
Other				
Transfers from Other Funds	3,665,985	—	—	3,665,985
Miscellaneous	723,071	—	383	723,454
<b>Total Additions</b>	<b>\$ 3,810,568,055</b>	<b>\$ 5,039,469,507</b>	<b>\$ 158,991,901</b>	<b>\$ 9,009,029,463</b>
<b>Deductions:</b>				
General and Administrative Expenses	\$ 26,043,644	\$ —	\$ 2,101,346	\$ 28,144,990
Benefits	2,156,455,933	—	88,078,653	2,244,534,586
Pool Participant Withdrawals	—	5,790,163,430	—	5,790,163,430
Refunds	56,217,574	—	—	56,217,574
<b>Total Deductions</b>	<b>\$ 2,238,717,151</b>	<b>\$ 5,790,163,430</b>	<b>\$ 90,179,999</b>	<b>\$ 8,119,060,580</b>
<b>Change in Net Assets Held in Trust for:</b>				
Pension Benefits	\$ 1,571,850,904	\$ —	\$ —	\$ 1,571,850,904
Pool Participants	—	(750,693,923)	—	(750,693,923)
Other Purposes	—	—	68,811,902	68,811,902
<b>Net Assets, July 1 (Restated)</b>	<b>51,263,050,814</b>	<b>4,581,781,253</b>	<b>19,224,136</b>	<b>55,864,056,203</b>
<b>Net Assets, June 30</b>	<b>\$ 52,834,901,718</b>	<b>\$ 3,831,087,330</b>	<b>\$ 88,036,038</b>	<b>\$ 56,754,025,086</b>

The notes to the financial statements are an integral part of this statement.

## Combining Statement of Net Assets Component Units June 30, 2003

	Development Authority	Environmental Facilities Authority	Housing and Finance Authority	Lottery Corporation	Ports Authority
<b>Assets</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ 3,910,913	\$ 178,491,244	\$ 17,021,510	\$ 1,251,892	\$ 22,311,730
Investments	1,419	60,973,096	3,403,436	—	3,270,818
Receivables					
Accounts (Net)	—	—	—	99,845,000	19,058,000
Taxes	—	—	—	—	—
Interest and Dividends	1,484,731	5,271,461	431,509	—	—
Notes and Loans	—	—	—	—	30,000
Due from Primary Government	—	2,125,519	—	—	—
Intergovernmental Receivables	—	3,772,787	—	—	—
Inventories	—	—	—	—	3,516,000
Prepaid Items	—	—	—	4,446,000	664,000
Other Current Assets	—	—	5,515,068	—	—
<b>Noncurrent Assets:</b>					
Investments	—	138,371,032	70,377,745	—	10,921,452
Receivables (Net)					
Notes and Loans	80,718,407	670,609,050	155,419,537	—	42,000
<b>Restricted Assets</b>					
Cash and Cash Equivalents	—	8,711,525	116,807,019	16,000	217,000
Investments	—	—	22,621,793	220,617,000	300,000
Receivables					
Loans (Net)	—	—	674,872,475	—	—
Interest and Dividends	—	—	6,407,492	—	—
Other	—	—	—	—	—
Deferred Charges	—	—	15,286,417	—	—
<b>Capital Assets:</b>					
Land	—	—	800,000	—	138,095,000
Buildings and Building Improvements	—	—	3,865,000	2,135,000	122,596,000
Improvements Other Than Buildings	—	—	1,886,818	—	138,246,000
Machinery and Equipment	17,626	45,637	1,596,752	13,929,000	158,353,000
Software	—	—	—	429,000	—
Works of Art and Collections	—	—	—	—	—
Infrastructure	—	—	—	—	141,417,000
Construction in Progress	—	—	—	—	39,271,000
Accumulated Depreciation	(1,959)	(21,725)	(4,215,489)	(14,357,000)	(269,310,000)
Other Noncurrent Assets	—	2,279,816	—	—	895,000
<b>Total Assets</b>	<b>\$ 86,131,137</b>	<b>\$ 1,070,629,442</b>	<b>\$ 1,092,097,082</b>	<b>\$ 328,311,892</b>	<b>\$ 529,894,000</b>

The notes to the financial statements are an integral part of this statement.

Road and Tollway Authority	Stone Mountain Memorial Association	Student Finance Authority	World Congress Center Authority	Nonmajor Component Units	Total
\$ 29,427,387	\$ 6,862,356	\$ 3,298,225	\$ 32,242,304	\$ 142,377,499	\$ 437,195,060
1,895,004	1,324,634	1,198,155	149,085	35,272,217	107,487,864
86,560	30,944	603,208	2,122,576	9,108,461	130,854,749
—	—	—	—	220,723	220,723
—	—	2,562,324	—	228	9,750,253
—	—	—	—	1,007,539	1,037,539
—	—	430,368	—	247,353	2,803,240
—	—	—	—	6,438,727	10,211,514
—	11,884	—	487,090	3,447,387	7,462,361
8,193	37,560	—	671,339	83,509	5,910,601
—	—	219,744	—	—	5,734,812
—	11,502,027	—	45,721	4,947,499	236,165,476
—	—	65,426,467	—	—	972,215,461
23,547,174	—	—	18,032,422	—	167,331,140
250,733,139	—	—	14,441,088	—	508,713,020
—	—	—	—	—	674,872,475
—	—	—	—	—	6,407,492
—	—	—	157,850	—	157,850
3,241,525	—	—	—	—	18,527,942
10,415,915	8,047,085	—	37,282,886	5,919,953	200,560,839
5,082,077	72,769,183	4,158,283	209,402,736	131,347,594	551,355,873
2,484,921	21,924,038	—	35,797,675	10,386,648	210,726,100
4,460,671	27,192,514	2,126,865	16,203,649	66,889,336	290,815,050
200,675	—	—	—	—	629,675
—	121,823	—	—	79,225	201,048
1,135,841	—	—	—	10,888,319	153,441,160
—	573,505	—	—	8,059,478	47,903,983
(8,039,906)	(53,448,969)	(3,792,317)	(88,866,415)	(77,555,223)	(519,609,003)
44,285,184	267,013	—	—	24,277	47,751,290
\$ 368,964,360	\$ 97,215,597	\$ 76,231,322	\$ 278,170,006	\$ 359,190,749	\$ 4,286,835,587

(continued)

## Combining Statement of Net Assets Component Units (continued) June 30, 2003

	Development Authority	Environmental Facilities Authority	Housing and Finance Authority	Lottery Corporation	Ports Authority
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Accounts Payable and Other Accruals	\$ 772,656	\$ 4,306,985	\$ 19,553,395	\$ 46,726,000	\$ 1,669,450
Due to Primary Government	—	—	1,088	59,462,892	37,550
Salaries/Withholdings Payable	—	—	—	—	436,000
Accrued Interest Payable	—	2,771,525	3,518,671	—	—
Contracts Payable	—	—	—	—	19,746,000
Deferred Revenue	—	10,159,265	—	—	—
Compensated Absences Payable - Current	—	—	—	34,000	—
Capital Leases/Installment Purchases Payable - Current	—	—	—	—	—
Notes and Loans Payable - Current	3,450,754	—	—	—	287,000
Revenue Bonds Payable - Current	—	5,940,000	18,830,000	—	1,900,000
Grand Prizes Payable - Current	—	—	—	15,873,000	—
Other Current Liabilities	—	—	21,174,188	—	—
<b>Current Liabilities Payable from Restricted Assets:</b>					
Accrued Interest Payable	—	—	—	—	—
Deferred Revenue	—	—	—	—	—
Revenue Bonds Payable - Current	—	—	—	—	—
Other	—	—	—	—	—
<b>Noncurrent Liabilities:</b>					
Deferred Revenue	—	—	150,513,286	—	50,000
Compensated Absences Payable	—	210,383	—	1,876,000	1,205,000
Capital Leases/Installment Purchases Payable	—	—	—	—	—
Notes and Loans Payable	30,331,324	—	—	—	9,472,000
Revenue/Mortgage Bonds Payable	—	55,392,655	764,471,760	—	22,673,000
Grand Prizes Payable	—	—	—	179,559,000	—
Advances from Primary Government	—	—	—	—	—
Customer Deposits	—	—	—	—	—
Other Noncurrent Liabilities	13,225,141	—	—	—	3,734,000
<b>Total Liabilities</b>	<b>\$ 47,779,875</b>	<b>\$ 78,780,813</b>	<b>\$ 978,062,388</b>	<b>\$ 303,530,892</b>	<b>\$ 61,210,000</b>
<b>Net Assets</b>					
Invested in Capital Assets, Net of Related Debt	\$ 15,667	\$ 23,912	\$ 3,933,081	\$ 2,136,000	\$ 442,520,000
<b>Restricted for:</b>					
Bond Covenants/Debt Service	—	4,513,368	—	—	517,000
Construction	—	—	—	—	—
Loan and Grant Programs	—	27,873,450	—	—	—
Other Purposes	—	—	—	16,000	—
Unrestricted	38,335,595	959,437,899	110,101,613	22,629,000	25,647,000
<b>Total Net Assets</b>	<b>\$ 38,351,262</b>	<b>\$ 991,848,629</b>	<b>\$ 114,034,694</b>	<b>\$ 24,781,000</b>	<b>\$ 468,684,000</b>

The notes to the financial statements are an integral part of this statement.

Road and Tollway Authority	Stone Mountain Memorial Association	Student Finance Authority	World Congress Center Authority	Nonmajor Component Units	Total
\$ 900,093	\$ 682,329	\$ 2,190,677	\$ 1,957,982	\$ 12,607,742	\$ 91,367,309
10,605,689	2,499,397	—	2,776	3,474,356	76,083,748
—	—	—	111,083	3,174,302	3,721,385
2,265,472	39,574	—	—	—	8,595,242
—	—	—	—	233,289	19,979,289
—	—	11,802,098	17,925,312	8,591,055	48,477,730
—	—	204,311	119,382	646,393	1,004,086
—	—	—	—	1,809,908	1,809,908
—	—	13,500,000	—	36,234	17,273,988
23,874,336	—	—	—	—	50,544,336
—	—	—	—	—	15,873,000
—	—	1,600,000	—	150,195	22,924,383
5,249,657	—	—	5,112,359	—	10,362,016
9,447,061	—	—	—	—	9,447,061
16,960,664	—	—	5,645,000	—	22,605,664
238,508	—	—	—	—	238,508
—	—	—	—	—	150,563,286
—	—	—	1,410,309	2,016,041	6,717,733
—	—	—	—	869,193	869,193
—	—	—	—	244,948	40,048,272
419,596,601	—	—	172,655,000	—	1,434,789,016
—	—	—	—	—	179,559,000
—	—	—	—	35,352,693	35,352,693
—	—	—	7,432,913	—	7,432,913
—	—	—	257,382	—	17,216,523
<u>\$ 489,138,081</u>	<u>\$ 3,221,300</u>	<u>\$ 29,297,086</u>	<u>\$ 212,629,498</u>	<u>\$ 69,206,349</u>	<u>\$ 2,272,856,282</u>
\$ 15,740,194	\$ 77,179,179	\$ 2,492,831	\$ 31,520,530	\$ 129,460,652	\$ 705,022,046
—	—	—	20,086,088	—	25,116,456
—	—	—	3,198,178	—	3,198,178
—	—	—	—	—	27,873,450
—	—	—	63,788	7,960,165	8,039,953
<u>(135,913,915)</u>	<u>16,815,118</u>	<u>44,441,405</u>	<u>10,671,924</u>	<u>152,563,583</u>	<u>1,244,729,222</u>
<u>\$ (120,173,721)</u>	<u>\$ 93,994,297</u>	<u>\$ 46,934,236</u>	<u>\$ 65,540,508</u>	<u>\$ 289,984,400</u>	<u>\$ 2,013,979,305</u>

## Combining Statement of Activities Component Units For the Fiscal Year Ended June 30, 2003

	Development Authority	Environmental Facilities Authority	Housing and Finance Authority	Lottery Corporation	Ports Authority
Expenses	\$ 2,729,116	\$ 29,328,797	\$ 96,600,013	\$ 2,459,073,000	\$ 106,860,000
Program Revenues:					
Charges for Services	\$ 4,847,069	\$ 28,485,088	\$ 54,832,299	\$ 2,456,866,000	\$ 121,453,000
Operating Grants and Contributions	—	33,119,019	36,691,145	—	—
Capital Grants and Contributions	—	35,772,314	—	—	11,378,000
Total Program Revenues	\$ 4,847,069	\$ 97,376,421	\$ 91,523,444	\$ 2,456,866,000	\$ 132,831,000
Net (Expenses) Revenue	\$ 2,117,953	\$ 68,047,624	\$ (5,076,569)	\$ (2,207,000)	\$ 25,971,000
General Revenues:					
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —
Unrestricted Investment Income	7,359	599,487	10,320,316	17,256,000	708,000
Payments from the State of Georgia	—	265,000	—	—	—
Other	—	252,468	—	93,000	965,000
Total General Revenues	\$ 7,359	\$ 1,116,955	\$ 10,320,316	\$ 17,349,000	\$ 1,673,000
Extraordinary Item					
Property Tax on Land Purchase	\$ —	\$ —	\$ —	\$ —	\$ —
Change in Net Assets	\$ 2,125,312	\$ 69,164,579	\$ 5,243,747	\$ 15,142,000	\$ 27,644,000
Net Assets, July 1	36,225,950	922,684,050	108,790,947	9,639,000	441,040,000
Correction of Prior Year Errors					
Capital Assets	—	—	—	—	—
Accumulated Depreciation	—	—	—	—	—
Noncurrent Liabilities	—	—	—	—	—
Revenue	—	—	—	—	—
Net Assets, June 30	\$ 38,351,262	\$ 991,848,629	\$ 114,034,694	\$ 24,781,000	\$ 468,684,000

The notes to the financial statements are an integral part of this statement.

Road and Tollway Authority	Stone Mountain Memorial Association	Student Finance Authority	World Congress Center Authority	Nonmajor Component Units	Total
\$ 154,559,283	\$ 9,246,891	\$ 25,271,232	\$ 103,271,791	\$ 285,855,948	\$ 3,272,796,071
\$ 22,047,580	\$ 11,611,423	\$ 22,290,030	\$ 50,217,913	\$ 95,077,499	\$ 2,867,727,901
—	—	866,076	295,550	40,421,080	111,392,870
—	—	—	—	13,853,984	61,004,298
\$ 22,047,580	\$ 11,611,423	\$ 23,156,106	\$ 50,513,463	\$ 149,352,563	\$ 3,040,125,069
\$ (132,511,703)	\$ 2,364,532	\$ (2,115,126)	\$ (52,758,328)	\$ (136,503,385)	\$ (232,671,002)
\$ —	\$ —	\$ —	\$ 17,678,297	\$ 3,405,279	\$ 21,083,576
10,339,379	700,775	76,824	1,026,984	2,311,851	43,346,975
—	—	973,811	—	182,161,229	183,400,040
45,810	4,050	—	—	6,430,992	7,791,320
\$ 10,385,189	\$ 704,825	\$ 1,050,635	\$ 18,705,281	\$ 194,309,351	\$ 255,621,911
\$ (25,616)	\$ —	\$ —	\$ —	\$ —	\$ (25,616)
\$ (122,152,130)	\$ 3,069,357	\$ (1,064,491)	\$ (34,053,047)	\$ 57,805,966	\$ 22,925,293
1,978,409	90,924,940	47,998,727	99,593,555	279,239,392	2,038,114,970
—	—	—	—	(12,775,567)	(12,775,567)
—	—	—	—	8,099,851	8,099,851
—	—	—	—	(42,125,388)	(42,125,388)
—	—	—	—	(259,854)	(259,854)
\$ (120,173,721)	\$ 93,994,297	\$ 46,934,236	\$ 65,540,508	\$ 289,984,400	\$ 2,013,979,305



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## Note 1. Summary of Significant Accounting Policies

### A. Basis of Presentation

With the exception of the departures from generally accepted accounting principles (GAAP) disclosed in the following paragraphs, the financial statements of the State of Georgia have been prepared in conformity with GAAP as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles, which are set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

### B. Financial Reporting Entity

In evaluating how to define the government for financial reporting purposes, management has considered both the organizations that comprise the primary government and potential component units. The primary government consists of all the organizations that compose the legal entity of the State of Georgia. All agencies, departments, authorities, commissions, courts, councils, boards, universities, colleges, retirement funds, associations and other funds that are not legally separate are, for financial reporting purposes, considered part of the primary government. In addition, included within the primary government are organizations which are legally separate but so intertwined with the primary government that they are, in substance, part of the primary government.

The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Section 2100 of the GASB Codification. This Section defines a component unit as a legally separate organization for which the primary government is financially accountable and other organizations for which the primary government is not accountable, but for which the nature and the significance of the relationship with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete.

Financial accountability is the ability to appoint a voting majority of an organization's governing board and to impose will upon the organization or to have exist the potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government.

In addition, organizations that are fiscally dependent upon the primary government were considered as potential component units.

As required by GAAP, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and therefore data from these units are combined with that of the primary government. The blended component units are as follows:

***Georgia Building Authority (Hospital) (Capital Projects Fund)*** is a body corporate and politic. The authority is responsible for the construction and management of hospitals, health care facilities, dormitories and housing accommodations for the use of patients, officers and employees under the control of any State agency. The Board consists of four State officials designated by statute and one member appointed by the Governor.

***Georgia Building Authority (Markets) (Capital Projects Fund)*** is a body corporate and politic. The authority is responsible for the construction and management of farmers' markets. The Board consists of four State officials designated by statute and one member appointed by the Governor.

***Georgia Building Authority (Penal) (Capital Projects Fund)*** is a body corporate and politic. The authority was created for the purpose of constructing and managing penal institutions, penitentiaries, prisons and prison institutes, detention and corrections institutions, rehabilitation facilities and county correctional institutions. The Board consists of four State officials designated by statute and one member appointed by the Governor.

***Georgia Education Authority (University) (Capital Projects Fund)*** is a body corporate and politic. The authority is charged with the overall responsibility of the construction and management of housing accommodations, classrooms, laboratories, libraries, dormitories and instructional, administrative and recreational facilities for students, faculty, officers and employees of any institution under control of the Board of Regents. The Board consists of five State officials designated by statute and one member appointed by the Governor.

***Georgia Technology Authority (Enterprise Fund)*** is an instrumentality of the State of Georgia and a public corporation. The authority is responsible for the procurement of technology resources, technology enterprise

## **Note 1. Summary of Significant Accounting Policies (continued)**

management and technology portfolio management, as well as the centralized marketing, provision, sale and leasing, or execution of license agreements, for access on line or in volume, of certain public information maintained in electronic format to the public. State officials appoint the eleven members of the authority. Any funds in excess of those needed for the corporate purposes of the authority are required to be transferred to the General Fund.

**Georgia Building Authority (Internal Service Fund)** is a body corporate and politic. The purpose of this authority is to construct and manage buildings and facilities intended for use as office space, public parks and public parking facilities, the executive mansion and laboratories. The Board consists of four State officials designated by statute and one member appointed by the Governor.

**Georgia Correctional Industries Administration (Internal Service Fund)** is a public corporation, which utilizes inmates in the manufacturing of products for sale to State agencies and others. The Governor appoints one Board member from each congressional district in the State, as well as appointing five additional members from the State at large.

**Employees' Retirement System of Georgia (Pension Trust Fund)** is a single-employer, public employee retirement system established to provide benefits for employees of the State. The system is governed by a seven member Board of Trustees, three of which are State officials designated by statute, and one who is appointed by the Governor. The system administers five blended defined benefit pension plans: the **Employees' Retirement System Fund**, the **District Attorneys' Retirement Fund**, the **Georgia Judicial Retirement System**, the **Georgia Military Pension Fund**, the **Legislative Retirement System**, and the **Superior Court Judges Retirement Fund**. The State provides a substantial amount of funding for these retirement systems in the form of employer contributions and administrative expenses.

**Georgia Military College (Higher Education Fund)** is a body corporate and politic. This institution is dedicated to providing a high-quality military education to the youth of the State. The Board consists of the mayor of the City of Milledgeville, and one trustee elected from each of the six municipal voting districts of the City of Milledgeville, as required by statute.

Discrete presentation entails reporting component unit financial data in columns separate from the financial data of the primary government. The discretely presented component units are as follows:

**Georgia Education Authority (Schools)** is a body corporate and politic. The authority is responsible for the construction of buildings and facilities intended for use as school buildings, classrooms, laboratories, libraries and instructional, administrative and recreational facilities for students, faculty, officers and employees of any institution under control of a county or city board of education or governing body of any independent district or system. The Board consists of six State officials designated by statute and one member appointed by the Governor.

**Georgia Public Telecommunications Commission** is a body corporate and politic. This commission is a public charitable organization created for the purpose of providing educational, instructional and public broadcasting services to citizens of Georgia. The budget of the commission must be approved by the State. The Board consists of nine members appointed by the Governor.

**Georgia Regional Transportation Authority** is a body corporate and politic. The purpose of the authority is to manage land transportation and air quality within certain areas of the State. The Governor appoints the fifteen members of the authority.

**Georgia Agricultural Exposition Authority** is a body corporate and politic. This authority is responsible for provision of a facility for the agricultural community, for public events, exhibits and other activities and for promotion and staging of a statewide fair. The Governor appoints the nine Board members. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

**Georgia Agrirama Development Authority** is a body corporate and politic. The purpose of this authority is to utilize all funds for the purpose of beautifying, improving, developing, maintaining, administering, managing and promoting an agricultural museum in or around Tifton, Georgia; this museum is designated as the State Museum of Agriculture. Of the fifteen members of the Board, four are State officials designated by statute and the Governor appoints eight members. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

## Note 1. Summary of Significant Accounting Policies (continued)

**Georgia Development Authority** is a body corporate and politic. The authority was created to assist agricultural and industrial interests by providing credit and servicing functions to better enable farmers and businessmen to obtain needed capital funds. The Board consists of three State officials designated by statute and four members appointed by the Governor.

**Georgia Environmental Facilities Authority** is a body corporate and politic. The authority provides assistance to local governments in constructing, extending, rehabilitating, repairing, replacing and renewing environmental facilities by providing financial and technical assistance. The Board consists of three State officials designated by statute and eight members appointed by the Governor.

**Georgia Golf Hall of Fame Authority** is a body corporate and politic. The authority was created to construct, operate and manage a facility and related attractions to house the Georgia Golf Hall of Fame. The authority is governed by the fifteen members appointed by State officials to the Golf Hall of Fame Board. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

**Georgia Higher Education Assistance Corporation** is a public authority, body corporate and politic. The corporation was created to improve the higher educational opportunities of eligible students by guaranteeing educational loan credit to students and to parents of students. The corporation is governed by the Board of Commissioners of the Georgia Student Finance Commission. The Board consists of thirteen members appointed by the Governor.

**Georgia Highway Authority** is a body corporate and politic. This authority was created to build, rebuild, relocate, construct, reconstruct, surface, resurface, layout, grade, repair, improve, widen, straighten, operate, own, maintain, lease and manage roads, bridges and approaches. The three members of the Authority are State officials designated by statute. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

**Georgia Housing and Finance Authority** is a body corporate and politic. The authority is responsible for facilitating housing and housing finance, and financing for health facilities and health care services throughout the State. The Governor appoints the sixteen members of the Board.

**Georgia International and Maritime Trade Center Authority** is a body corporate and politic. The authority was created to develop and promote the growth of the State's import and export markets through its ports and other transportation modes. State officials appoint eight of the twelve members of the Board.

**Georgia Lottery Corporation** is a public body, corporate and politic. The corporation operates lottery games to provide continuing entertainment to the public and maximize revenues, the net proceeds of which are utilized to support improvements and enhancements for educational purposes. The corporation is governed by a board of directors composed of seven members, all of which are appointed by the Governor. The State is legally entitled to residual resources of the corporation.

**Georgia Music Hall of Fame Authority** is a body corporate and politic whose purpose is to construct, operate and maintain the Music Hall of Fame, as well as promoting music events at the facility and throughout the State. The Governor appoints the sixteen members of the Board. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

**Georgia Ports Authority** is a body corporate and politic. The purpose of the authority is to develop and improve the harbors or seaports of the State for the handling of waterborne commerce and to acquire, construct, equip, maintain, develop and improve said harbors, seaports and their facilities. The Board consists of twelve members, all of which are appointed by the Governor.

**Georgia Rail Passenger Authority** is a body corporate and politic. This authority is responsible for construction, financing, operation and development of rail passenger service and other public transportation projects. The Board includes one member appointed by the Governor from each congressional district, as well as two appointed members from the State at large. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

**Georgia Seed Development Commission** is a body corporate and politic and an instrumentality and public corporation of the State whose purpose is to purchase, process, and resell breeders' and foundation seeds. The commission consists of ten members who are accountable as trustees. Of the ten members serving on the Board, six members are State officials or are appointed by State officials. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

## **Note 1. Summary of Significant Accounting Policies (continued)**

**Georgia Student Finance Authority** is a body corporate and politic. This authority was created for the purpose of improving higher educational opportunities by providing educational scholarship, grant and loan assistance. A substantial amount of funding is provided to the authority by the State. The Governor appoints the thirteen members of the Board.

**Geo. L. Smith II Georgia World Congress Center Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The authority is responsible for acquiring, constructing, equipping, maintaining and operating the World Congress Center to promote trade shows, conventions and political, musical, educational, entertainment, recreational, athletic or other events. The Governor appoints the fifteen members of the Board.

**Georgia Sports Hall of Fame Authority** is a body corporate and politic. This authority was created to construct and maintain a facility to house the Georgia Sports Hall of Fame to honor those who have made outstanding and lasting contributions to sports and athletics, and to operate, advertise and promote the Sports Hall of Fame. State officials appoint the eighteen members of the Board. The Georgia State Financing and Investment Commission must approve the issuance of bonds. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

**Jekyll Island State Park Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The authority was created to operate and manage resort recreational facilities on Jekyll Island. The Board consists of one State official designated by statute and eight members appointed by the Governor. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

**Lake Lanier Islands Development Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The purpose of the authority is to manage, preserve and protect projects on Lake Lanier Islands. The Board consists of one State official designated by statute and eight members appointed by the Governor. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

**North Georgia Mountains Authority** is a body corporate and politic and an instrumentality and public corporation of

the State responsible for the construction and management of recreation, accommodation and tourist facilities and services. The Governor appoints the nine members of the Board. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

**Oconee River Greenway Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The purpose of the authority is the acquisition of greenspace and its maintenance, protection, development or restoration. The Board includes four State officials designated by statute and the chairperson and two residents of the governing authority of each county which is in the geographic jurisdiction of the authority. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

**OneGeorgia Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The purpose of the authority is to promote the health, welfare, safety and economic society of the rural citizens of the State through the development and retention of employment opportunities in rural areas and the enhancement of the infrastructures that accomplish that goal. The six members of the Authority are State officials designated by statute. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

**Regional Educational Service Agencies (RESA)** comprise a statewide network of legally separate organizations established by the State Board of Education to provide shared services to local school systems. The Board of each RESA consists of the school superintendent of each member school system, the highest administrator of each member postsecondary institution, and a local public or regional library director appointed by a State official. The State must review and approve the annual budget of each RESA. Each RESA has a separate management report, but separate audited financial statements are not required or issued.

**Sapelo Island Heritage Authority** is a body corporate and politic. The purpose of the authority is the preservation of the cultural and historic values of Hog Hammock Community located on Greater Sapelo Island. The Board consists of four State officials designated by statute and one member appointed by the Governor. The State has assumed the obligation to provide financial support for real property acquisition. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

**Southwest Georgia Railroad Excursion Authority** is a body corporate and politic and an instrumentality and public

## Note 1. Summary of Significant Accounting Policies (continued)

corporation of the State. The authority was created for the purposes of construction, financing, operation, and development of rail passenger excursion projects utilizing any state owned railway in southwest Georgia. The thirteen member Board is appointed by officials of counties and municipalities within the service area. The Georgia State Financing and Investment Commission must approve the issuance of bonds. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

**State Road and Tollway Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The authority was created to construct, operate and manage a system of roads, bridges and tunnels and facilities related thereto. The Board consists of three State officials designated by statute and two members appointed by State officials.

**Stone Mountain Memorial Association** is a body corporate and politic and an instrumentality and public corporation of the State. The Authority is responsible for the preservation and protection of Stone Mountain as a Confederate memorial and public recreational area. The Board consists of one State official designated by statute and eight members appointed by the Governor.

**Superior Court Clerks' Cooperative Authority** is a body corporate and politic and an instrumentality and public corporation of the State created to provide a cooperative for the development, acquisition and distribution of record management systems, information, services, supplies and materials for superior court clerks of the State. Of the seven members of the Board, the Governor appoints three. The nature of this organization is such that it would be misleading to exclude it from the reporting entity.

Fiduciary component units are required by GAAP to be reported as fiduciary funds of the primary government rather than as discrete component units. In accordance with GAAP, fiduciary funds and component units that are fiduciary in nature are excluded from the government-wide financial statements.

**Georgia Class Nine Fire Department Pension Fund (Pension Trust Fund)** is a multiple-employer, defined benefit pension plan established for the purpose of paying retirement and death benefits to volunteer firefighters of the State of Georgia. The Board of Trustees of the Georgia Firefighters' Pension Fund also serves as the Board of

Trustees of this pension fund. Benefit provisions and vesting requirements are established by State statute.

**Georgia Firefighters' Pension Fund (Pension Trust Fund)** is a multiple-employer, defined benefit pension plan established for the purpose of paying retirement, death and disability benefits to the firemen of the State of Georgia. The Board of Trustees consists of two State officials designated by statute and three members appointed by the Governor. Benefit provisions and vesting requirements are established by State statute.

**Judges of the Probate Courts Retirement Fund of Georgia (Pension Trust Fund)** is a multiple-employer, defined benefit pension plan established for the purpose of paying retirement, death and disability benefits to the judges of the Probate Courts of the State of Georgia. The Board consists of one State official designated by statute and six members appointed by the Governor. Benefit provisions and vesting requirements are established by State statute.

**Peace Officers' Annuity and Benefit Fund of Georgia (Pension Trust Fund)** is a multiple-employer, defined benefit pension plan established for the purpose of paying retirement, death and disability benefits to the peace officers of the State of Georgia. The Board of Commissioners of the Annuity and Benefit Fund consists of two State officials designated by statute and four members appointed by the Governor. Benefit provisions and vesting requirements are established by State statute.

**Public School Employees Retirement System (Pension Trust Fund)** is a single-employer, defined benefit pension plan established for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the Teachers Retirement System of Georgia. The Employees' Retirement System Board of Trustees and two other Governor's appointees not on the Employees' Retirement System Board administer this retirement fund.

**Sheriffs' Retirement Fund of Georgia (Pension Trust Fund)** is a multiple-employer, defined benefit pension plan established for the purpose of paying retirement, death and disability benefits to the sheriffs of the State of Georgia. The Board consists of one State official designated by statute and five members appointed by the Governor. Benefit provisions and vesting requirements are established by State statute.

**Superior Court Clerks' Retirement Fund of Georgia (Pension Trust Fund)** is a multiple-employer, defined benefit pension plan established for the purpose of paying retirement, death and disability benefits to the Superior



## Note 1. Summary of Significant Accounting Policies (continued)

Court Clerks of the State of Georgia. The Board consists of one State official designated by statute and six members appointed by the Governor. Benefit provisions and vesting requirements are established by State statute.

**Teachers Retirement System of Georgia (Pension Trust Fund)** is a cost-sharing multiple-employer plan created by an act of the Georgia General Assembly to provide retirement, service, disability and survivors' benefits for qualifying teachers. The Board of Trustees is comprised of ten members, eight of which are State officials or are appointed by State officials. The State provides a substantial amount of funding to this retirement system in the form of employer contributions.

The State's significant discretely presented component units issue their own separate audited financial statements. These financial statements can be obtained from their respective administrative offices or from the Georgia Department of Audits and Accounts, 254 Washington Street, S.W., Atlanta, Georgia 30334.

### C. Government-Wide and Fund Financial Statements

#### Government-Wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the primary government and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities, which normally are financed through taxes, intergovernmental revenues, and other non-exchange revenues are reported separately from business-type activities, which are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from its discretely presented component units.

The Statement of Net Assets presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services or

privileges provided by a given function and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenue.

#### Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds.

### D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Principal revenue sources that are susceptible to accrual include income taxes, sales and use taxes, federal grants and shared revenues. Expenditures generally are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due or when amounts have been accumulated in the debt service fund for payments to be made early in the subsequent fiscal year.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and



## Note 1. Summary of Significant Accounting Policies (continued)

producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

As allowed by GASB Statement No. 20, the State's proprietary funds follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

The State reports the following major governmental funds:

The **General Fund** is used to account for all financial transactions not required to be accounted for in another fund. These transactions relate to resources obtained and used for services traditionally provided by a state government.

The **Georgia State Financing and Investment Commission** accounts for the construction of projects for state agencies financed through the issuance of public debt, including educational facilities for county and independent school systems.

The State reports the following major enterprise funds:

The **State Employees' Health Benefit Plan** is a self-insured program of health benefits for the employees of units of government of the State of Georgia, units of county government and local education agencies located within the State of Georgia.

The **Georgia Technology Authority** is primarily responsible for the procurement of technology resources, technology enterprise management and technology portfolio management, as well as the centralized marketing, provision, sale and leasing, or execution of license agreements, for access on line or in volume, of certain public information maintained in electronic format to the public.

The **Unemployment Compensation Fund** accounts for the collection of employers' unemployment insurance tax and the payment of unemployment insurance benefits.

The **Higher Education Fund** accounts for the operations of State colleges and universities and State technical colleges.

Additionally, the State reports the following fund types:

### Governmental Fund Types:

**Debt Service Funds** – Used to account for the payment of principal and interest on general long-term debt.

The primary government debt service fund is the General Obligation Debt Sinking Fund, which is administered by the Office of Treasury and Fiscal Services. The Debt Sinking Fund is responsible for the accumulation of resources for the payment of principal and interest on general obligation bonds.

**Capital Projects Funds** - Used to account for the acquisition or construction of capital facilities.

**Permanent Funds** – Used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the State or its citizenry.

### Proprietary Fund Types:

**Internal Service Funds** - Used to account for the financing of goods or services provided by one department or agency to other State departments or agencies, or to other governmental entities, on a cost-reimbursement basis. The predominant participant in internal service fund activity is the primary government.

### Fiduciary Fund Types:

**Pension Trust Funds** – Used to account for the Employees' Retirement System and its blended plans in the primary government and the eight individual retirement plans that meet the definition of a component unit of the State.

**Investment Trust Funds** – Used to account for external portions of government-sponsored investment pools.

**Private Purpose Trust Funds** – Used to report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments.

**Agency Funds** - Used to report assets and liabilities for deposits and investments entrusted to the State as an agent for others.

### Discretely Presented Component Units:

The combining component unit financial statements are presented in order to provide information on each of the major component units included in the component units column of the government-wide statements. The component unit financial statements are reported using the economic

## Note 1. Summary of Significant Accounting Policies (continued)

resources measurement focus and the accrual basis of accounting. The information is presented in order to be consistent with the government-wide statements, and is less detailed than the presentation in each component unit's separately issued financial statements. The component units follow all GASB pronouncements, and all FASB pronouncements issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

### E. Budgets

The annual budget of the State of Georgia is prepared on the modified accrual basis utilizing encumbrance accounting with the following exceptions: federal and certain other revenues are accrued based on the unexecuted portion of long-term contracts; and intrafund transactions are disclosed as revenues and expenditures. The budget represents departmental appropriations recommended by the Governor and adopted by the General Assembly prior to the beginning of the fiscal year. Annual appropriated budgets are adopted at the departmental level. The appropriated budget covers most governmental funds included in the State reporting entity but excludes the capital projects funds and certain debt service funds that are not subject to appropriation. The budget includes certain proprietary funds, the Higher Education Fund, and the administrative costs of operating certain public employee retirement systems. All unencumbered annual appropriations lapse at fiscal year end unless otherwise specified by constitutional or statutory provisions. Supplementary and amended appropriations may be enacted during the next legislative session by the same process used for original appropriations.

Encumbrances are used to indicate the intent to purchase goods or services. Liabilities and expenditures are recorded upon issuance of completed purchase orders. Goods or services need not have been received for liabilities and expenditures to be recorded.

### F. Assets, Liabilities, and Net Assets/Fund Balances

#### *Cash and Cash Equivalents*

Cash and cash equivalents include currency on hand and demand deposits with banks and other financial institutions. Cash and cash equivalents also include short-term, highly liquid investments with maturity dates within three months of the date acquired, with the exception of the Higher Education Fund, which reports all time deposits as cash.

#### *Investments*

Investments are defined as those financial instruments with terms in excess of three months from the date of purchase and certain other securities held for the production of revenue.

The investment policy of the State of Georgia is to maximize the protection of State funds on deposit while accruing an advantageous yield on those funds in excess of those required for current operating expenses (Official Code of Georgia Annotated [OCGA] 50-17-51). The State Depository Board may permit any department, board, bureau or other agency to invest funds collected directly by such organization in short term time deposit agreements, provided that the interest income of those funds is remitted to the Director of the Office of Treasury and Fiscal Services as revenues of the State of Georgia. As a matter of general practice, however, demand funds of any department, board, bureau or other agency in excess of current operating expenses are required to be deposited with the Director of the Office of Treasury and Fiscal Services for the purpose of pooled investment (OCGA 50-17-63). Such cash is managed in a pooled investment fund to maximize interest earnings. The pooled investment funds "Georgia Fund 1" and "Georgia Extended Asset Pool" are also available on a voluntary basis to organizations outside of the State reporting entity.

Authorized pool investments are limited to the following in accordance with State statutes:

- 1) Obligations of the State of Georgia or of other states;
- 2) Obligations issued by the United States government;
- 3) Obligations fully insured or guaranteed by the United States government or a United States government agency;
- 4) Obligations of any corporation of the United States government;
- 5) Prime banker's acceptances;
- 6) Repurchase Agreements;
- 7) Obligations of other political subdivisions of the State; and
- 8) Commercial paper issued by domestic corporations.

Authorized investments are subject to certain restrictions.

Pooled cash and cash equivalents and investments are grouped into portfolios for investment purposes according to the operating needs of the State of Georgia and other pool contributors.

The Primary Liquidity Portfolio is a stable net asset value investment pool that follows Standard and Poor's criteria for AAAM rated money market funds. The pool is not

## Note 1. Summary of Significant Accounting Policies (continued)

registered with the Securities and Exchange Commission (SEC) as an investment company, but does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal. Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and values participants' shares sold and redeemed at the pool's share price, \$1.00 per share. Investments are directed toward short-term instruments such as U. S. Treasury obligations, securities issued or guaranteed as to principal and interest by the U. S. Government or any of its agencies or instrumentalities, banker's acceptances, corporate obligations and repurchase agreements.

The Secondary Liquidity Portfolio consists of certificates of deposit with average investment duration of .21 years.

The Georgia Extended Asset Pool is part of the Extended Term Portfolio. It is a variable net asset value investment pool that follows Standard and Poor's criteria for AAAF rated funds. The pool is not registered with the SEC as an investment company. The pool's primary objective is the prudent management of public funds on behalf of the State of Georgia and local governments seeking income higher than money market rates. Net Asset Value (NAV) is calculated daily to determine current share price. NAV is calculated by taking the closing fair value of securities owned plus other assets and subtracting liabilities. The remainder is then divided by the total number of shares outstanding to compute NAV per share (current share price). The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on the current share price, which at June 30, 2003, was \$2.03 per share. Investments consist generally of securities issued or guaranteed as to principal and interest by the U. S. Government or any of its agencies or instrumentalities, bankers' acceptances and repurchase agreements. The average investment duration at June 30, 2003, was 0.70 years.

The Extended Term Portfolio includes two other funds: one consisting generally of repurchase agreements and certain U. S. Government Securities with an average investment duration at June 30, 2003, of 1.17 years; and a second fund consisting generally of repurchase agreements and certain U.S. Government Securities, which include mortgage-backed securities such as collateralized mortgage obligations and adjustable rate mortgages. These mortgage-backed securities are reported as U. S. Government Securities in the

disclosure of custodial credit risk (see Note 3). Investments in this second fund are transacted by an external investment management firm under direction of an investment advisory agreement executed between the Office of Treasury and Fiscal Services and the investment management firm. The agreement directs the investment firm to utilize the Merrill Lynch 1-3 year Treasury Index in managing the average duration of the overall portfolio, excluding cash, to within plus or minus six months of the duration of the Index. The average investment duration for this fund on June 30, 2003, was 1.49 years. The agreement also places limitations on individual security purchases and holdings. As of June 30, 2003, the State had \$146,282,426 invested in U. S. agency mortgage-backed securities in this fund.

Other organizations of the State of Georgia reporting entity invest in a variety of financial activities. These investments may include brokered certificates of deposit, commercial paper, convertible bonds, corporate bonds, notes and obligations, foreign bonds, investment agreements, mortgages, municipal bonds, mutual funds, real estate, real estate mortgages and notes, real estate investment trust limited partnerships, repurchase agreements, short-term investments, stocks, and U. S. Treasury bonds, notes, and bills. Investments of other organizations are stated at fair value at June 30, 2003.

The Commissioner of the Department of Agriculture is directed by statute to require dealers in certain agricultural products and livestock to make and deliver to the Department a surety or cash bond to secure the faithful accounting for and payment to producers of the proceeds of agricultural products or livestock handled or sold by the dealer. Cash bonds are required to designate the Department as trustee of the funds and may take the form of certificates of deposit, letters of credit, money orders or cashiers' checks. At June 30, 2003, the Department held surety bonds in the amount of \$38,116,026, and cash bonds in the amount of \$14,197,624. These bonds are not recorded on the Combined Balance Sheet.

Securities are held pursuant to statutes that require licensed insurance companies to deposit securities with the Department of Insurance prior to issuance of a certificate of authority to transact insurance by the Commissioner of Insurance. These securities remain in the name of the licensed insurance company as long as the company has a pending claim in the State of Georgia or until a proper order of a court of competent jurisdiction has been issued to the receiver, conservator, rehabilitator, or liquidator of the insurer or to any other properly designated official or officials who succeed to the management and control of the insurer's assets. The purchase and redemption of such securities is allowed as long as the required levels of deposits are maintained. At June 30, 2003, securities valued

## Notes to the Financial Statements For the Year Ended June 30, 2003

### Note 1. Summary of Significant Accounting Policies (continued)

at \$202,318,247 were held by the Department of Insurance. These securities are not recorded on the Combined Balance Sheet.

Construction contracts awarded by the Department of Transportation usually include provisions to withhold a percentage of the payments until the project reaches a specified state of completion. Georgia law requires that these funds be deposited in a state or national bank chartered within this State. The State controls only the release of these funds; the assets in the accounts are considered to be the property of the contractor. Therefore, no assets and liabilities for these escrow accounts have been included in these financial statements. At June 30, 2003, \$777,232 in escrow deposits was administered by the Department of Transportation.

#### **Receivables**

Receivables in the State's governmental funds pertain primarily to Federal revenues and revenues applicable to charges for services. Receivables in all other funds have arisen in the ordinary course of business. Receivables are recorded when either the asset or revenue recognition criteria (See Note 1-D) have been met. Estimates of allowances for uncollectible receivables have not been made for the majority of receivables included within the financial statements.

#### **Due To/From Other Funds**

Equally offsetting asset and liability accounts are used to account for amounts owed to a particular fund by another fund for short-term obligations on goods sold or services rendered.

#### **Advances**

Noncurrent portions of long-term interfund loans receivable are reported as advances and are offset equally by a fund balance reserve account that indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

#### **Inventories**

Inventories of supplies and materials are determined by physical count and/or perpetual inventory records and are valued at cost, weighted average cost, moving average cost, or lower of weighted average cost or market, using the first-in/first-out (FIFO) method, depending on the individual organization's preference. The costs of governmental fund inventories are recorded as expenditures when consumed rather than when purchased for larger agencies and agencies

with material inventories. Other agencies may use either the purchase or consumption method.

Under the purchase method, a portion of the fund balance is reserved for inventories to indicate that it is not available for appropriation. Organizations under the consumption method normally reserve a portion of fund balance equal to the average monthly inventories on hand for the fiscal year.

#### **Prepaid Items**

Payments made to vendors and local government organizations for services that will benefit periods beyond June 30, 2003, are recorded as prepaid items.

#### **Restricted Assets**

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

#### **Capital Assets**

Capital assets of governmental funds are recorded as expenditures at the time of purchase and capitalized in the governmental activities column of the government-wide Statement of Net Assets. Capital assets of the State's proprietary funds and component units are capitalized in the fund in which they are utilized.

Capital assets are stated at historical cost or, in some instances, estimated historical cost. Donated capital assets are stated at fair market value at the time of donation. All land and non-depreciable land improvements are capitalized regardless of cost. Buildings and Improvements Other Than Buildings are capitalized when the cost or value exceeds \$100,000. Machinery and Equipment is capitalized when costs or value exceeds \$5,000. The State's bridges and roadways included in the state highway system are capitalized regardless of cost. All other infrastructure assets are capitalized when project costs exceed \$1,000,000, except for infrastructure assets reported by the Higher Education Fund, which are capitalized when costs are greater than \$100,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

The State holds certain assets such as works of art, historical documents, and artifacts that have not been capitalized or depreciated because the collections are protected and preserved for exhibition, education, or research and are considered to have inexhaustible useful lives.

Major outlays for construction of bridges and roadways in the state highway system are capitalized as projects are constructed. All other major construction projects are

## Note 1. Summary of Significant Accounting Policies (continued)

capitalized when projects are completed. Interest incurred during construction is not capitalized in governmental funds. Interest incurred during the construction of proprietary fund assets is included in the capitalized value of the asset.

All depreciable capital assets are depreciated on the straight-line basis over the following useful lives:

Infrastructure	10-100 years
Buildings and Building Improvements	5-40 years
Improvements Other Than Buildings	15-50 years
Machinery and Equipment	3-20 years
Software	3-10 years
Library Collections	10 years

Due to the lack of complete and accurate inventory records applicable to State-owned land, and the lack of historical cost values for certain parcels of land, the amount reported as land does not represent a comprehensive valuation of the assets owned by the State of Georgia.

Certain capital assets acquired through capital leases in prior years have not been recorded on the financial statements at the net present value of the minimum lease payments as is required by GAAP.

### *Compensated Absences*

Employees earn annual leave ranging from ten to fourteen hours each month depending upon the employee's length of continuous State service with a maximum accumulation of forty-five days. Employees are paid for unused accumulated annual leave upon retirement or termination of employment. Funds are provided in the appropriation of funds each fiscal year to cover the cost of annual leave of terminated employees. The State's obligation for accumulated unpaid annual leave is reported as a liability in the government-wide and proprietary fund financial statements.

Employees earn ten hours of sick leave each month with a maximum accumulation of ninety days. Sick leave does not vest with the employee. Unused accumulated sick leave is forfeited upon retirement or termination of employment. However, certain employees who retire with one hundred and twenty days or more of forfeited annual and sick leave are entitled to additional service credit in the Employees' Retirement System of Georgia. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

### *Deferred Revenue*

In the government-wide statements, proprietary fund statements, and fiduciary fund statements, deferred revenue is recorded when cash or other assets are received prior to being earned. In the governmental fund statements, deferred revenue is recorded when revenue is either unearned or unavailable.

### *Mortgage Loans Under Repurchase Agreements*

At June 30, 2003, mortgage loans totaling \$13,225,141 have been transferred and assigned to lenders under repurchase agreements by the Georgia Development Authority (Component Units). The agreements give the lenders the option to have the Authority repurchase the mortgage loans for an amount equal to the then outstanding balance of principal and interest due during a specified period of time.

In addition, the Authority guarantees the principal and interest payment by the borrower to the lender within thirty (30) days of the due date. Any payment not received within thirty (30) days is considered advanced to the borrower and paid to the lender by the Authority. The Authority then charges the borrower interest on these advances for the period outstanding at a penalty rate agreed upon at the loan origination date.

### *Long-Term Obligations*

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities column or business-type activities column on the government-wide statement of net assets and on the proprietary fund statement of net assets in the fund financial statements. Bond discounts, premiums and issuance costs are deferred and amortized over the life of the bonds using a method that approximates the effective interest method or the straight-line method. Bonds payable are reported net of the unamortized bond premium or discount and, when applicable, the deferred amount on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## Note 1. Summary of Significant Accounting Policies (continued)

### *Net Assets*

Net assets are reported as invested in capital assets, net of related debt, restricted or unrestricted. "Invested in capital assets, net of related debt" consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often are designated, indicating they are not available for general operations. Such designations have internally imposed constraints on resources, but can be removed or modified.

### *Fund Balances*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally segregated by outside parties for use for a specific purpose. Designations of fund balance represent tentative plans for future use of financial resources. Unreserved, undesignated fund balance is the amount of fund balance remaining from operations of the current and prior years, net of amounts established as reserved and designated.

## F. Interfund Activity and Balances

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements with the exception of activities between governmental activities and business-type activities. In the fund financial statements, transfers represent flows of assets without

equivalent flows of assets in return or a requirement for repayment. In addition, transfers are recorded when a fund receiving revenue provides it to the fund which expends the resources. Transfers and balances between funds are made to accomplish various provisions of law.

Interfund payables and receivables have been eliminated from the statement of net assets except for amounts due between governmental and business-type activities. These amounts are reported as internal balances on the statement of net assets.

## G. Fiscal Reporting Periods

The fiscal year end for the primary government and component units is June 30, except for the Stone Mountain Memorial Association, whose fiscal year end is December 31. On the government-wide Statement of Net Assets, amounts due to/from component units do not reconcile due to this difference in fiscal year ends.

## Note 2. Accounting Changes

In fiscal year 2003, the cash balance of the Children's Trust Fund, reported in prior years as an agency fund, was transferred to the general fund. The beginning fund equity of the general fund/governmental activities has been increased by \$9,503,122 to reflect the addition of this program.

In fiscal year 2003, various pension trust funds changed their basis of accounting from the cash basis of accounting, an other comprehensive basis of accounting, to the basis of accounting which complies with accounting principles generally accepted in the United States. The beginning net assets of the pension trust funds have been decreased by \$2,294,675 for this change in accounting principle.

The following tables summarize the changes in fund equities as previously reported for the funds and activities at June 30, 2002, including correction of prior year errors as indicated.

## Notes to the Financial Statements For the Year Ended June 30, 2003

### Note 2. Accounting Changes (continued)

	June 30, 2002 As Previously Reported	Adjustments	June 30, 2002 (Restated)
<b>GOVERNMENTAL FUNDS AND ACTIVITIES</b>			
Major Funds:			
General Fund	\$ 4,504,152,981		
Correction of Prior Year Errors		\$ (21,967,072)	
Transfer of Equity from Agency Funds - Children's Trust Fund		9,503,122	
			\$ 4,491,689,031
Georgia State Financing and Investment Commission	1,794,518,509	—	1,794,518,509
Nonmajor Funds:			
Debt Service Fund	228,453,750	—	228,453,750
Capital Projects Funds	8,837,774	—	8,837,774
Permanent Fund	13,500	—	13,500
Total Governmental Funds	\$ 6,535,976,514	\$ (12,463,950)	\$ 6,523,512,564
Capital Assets, net of depreciation	14,272,732,321	40,746,471	14,313,478,792
Other Noncurrent Assets	12,239,956	42,125,388	54,365,344
Long-Term Liabilities	(6,399,924,736)	—	(6,399,924,736)
Other Liabilities	(146,648,593)	—	(146,648,593)
Inclusion of Internal Service Funds in Governmental Activities	1,165,564,416	(835,493)	1,164,728,923
<b>TOTAL GOVERNMENTAL FUNDS AND ACTIVITIES</b>	<b>\$ 15,439,939,878</b>	<b>\$ 69,572,416</b>	<b>\$ 15,509,512,294</b>
<b>PROPRIETARY FUNDS AND BUSINESS-TYPE ACTIVITIES</b>			
Major Funds:			
Georgia Technology Authority	\$ 109,114,169		
Correction of Prior Year Errors		\$ (940,340)	
			\$ 108,173,829
Higher Education Fund	3,758,100,492		
Correction of Prior Year Errors		219,993,645	
			3,978,094,137
State Employees' Health Benefit Plan	438,205,599	—	438,205,599
Unemployment Compensation Fund	1,536,782,865	—	1,536,782,865
Nonmajor Funds:			
Internal Service Funds	1,154,353,953		
Correction of Prior Year Errors		(1,211,071)	
			1,153,142,882
Internal Service Funds Look-Back Adjustments			
Removal of Internal Service Funds Relating to Governmental Activities	(1,165,564,416)	835,493	(1,164,728,923)
<b>TOTAL PROPRIETARY FUNDS AND BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 5,830,992,662</b>	<b>\$ 218,677,727</b>	<b>\$ 6,049,670,389</b>
<b>FIDUCIARY FUNDS</b>			
Pension Trust Funds	\$ 51,265,345,489		
Change in Accounting Principle		\$ (2,294,675)	
			\$ 51,263,050,814
Investment Trust Funds	4,581,781,253	—	4,581,781,253
Private Purpose Trust Funds	19,224,136	—	19,224,136
<b>TOTAL FIDUCIARY FUNDS</b>	<b>\$ 55,866,350,878</b>	<b>\$ (2,294,675)</b>	<b>\$ 55,864,056,203</b>
<b>DISCRETELY PRESENTED COMPONENT UNITS</b>			
Correction of Prior Year Errors	\$ 2,038,114,970	\$ (47,060,958)	\$ 2,038,114,970
	—		(47,060,958)
<b>TOTAL DISCRETELY PRESENTED COMPONENT UNITS</b>	<b>\$ 2,038,114,970</b>	<b>\$ (47,060,958)</b>	<b>\$ 1,991,054,012</b>



## Note 3. Deposits and Investments

### A. Deposits

Funds belonging to the State of Georgia cannot be placed in a depository paying interest longer than ten days without the depository providing a surety bond to the State. In lieu of a surety bond, the depository may pledge as collateral any one or more of the following securities as enumerated in OCGA 50-17-59:

- 1) Bonds, bills, notes, certificates of indebtedness, or other direct obligations of the United States or of the State of Georgia.
- 2) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia.
- 3) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.
- 4) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.
- 5) Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest and debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association and the Federal National Mortgage Association.

- 6) Guarantee or insurance of accounts provided by the Federal Deposit Insurance Corporation.

As authorized in OCGA 50-17-53, the State Depository Board has adopted policies that allow agencies of the State of Georgia the option of exempting demand deposits from the collateral requirements.

### Primary Government

At year-end, the carrying amounts of the State's deposits were \$507,444,346, and the bank balances were \$1,568,592,598. The amounts of these bank balances are classified into three categories of credit risk: (1) cash that is insured (e.g., Federal depository insurance) or collateralized with securities held by the State or by its agent in the State's name, (2) cash collateralized with securities held by the pledging financial institution's trust department or agent in the State's name and (3) uncollateralized bank accounts. The State's deposits were classified as follows at June 30, 2003:

Risk Category	Bank Balance
1	\$ 471,121,394
2	62,146,457
3	1,035,324,747
	<u>\$ 1,568,592,598</u>



## Note 3. Deposits and Investments (continued)

### Component Units

At year-end, the component units' deposits were classified as follows:

	Risk Categories			Bank Balance	Funds Held by Primary Government	Carrying Amount
	1	2	3			
Environmental Facilities Authority	\$ 11,075,197	\$ —	\$ —	\$ 11,075,197	\$ 373,883,656	\$ 11,436,957
Georgia Housing and Finance Authority	7,301,623	—	117,782,579	125,084,202	10,789,052	125,084,198
OneGeorgia Authority	88,914	—	—	88,914	95,518,304	88,974
State Road and Tollway Authority	200,000	—	42,599,034	42,799,034	9,999,068	42,712,480
World Congress Center Authority	205,433	39,830,775	10,657,360	50,693,568	786,655	49,423,676
All Other Component Units	<u>18,777,852</u>	<u>12,084,445</u>	<u>47,398,302</u>	<u>78,260,599</u>	<u>80,060,097</u>	<u>56,747,503</u>
	<u>\$ 37,649,019</u>	<u>\$ 51,915,220</u>	<u>\$ 218,437,275</u>	<u>\$ 308,001,514</u>	<u>\$ 571,036,832</u>	<u>\$ 285,493,788</u>

### B. Investments

Investments are stated at fair value, and are summarized and classified as to risk in the following three categories: (1) insured or registered, or securities held by the State or its agent in the State's name, (2) uninsured or unregistered, with securities held by the counterparty's trust department or

agent in the State's name or (3) uninsured or unregistered, with securities held by the counterparty, or by its trust department or agent but not in the State's name. The carrying amounts and risk categories applicable to the State's investments are listed below:

## Notes to the Financial Statements For the Year Ended June 30, 2003

### Note 3. Deposits and Investments (continued)

#### Primary Government

<u>Type of Investment</u>	<u>Risk Categories</u>			<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Commercial Paper	\$ 42,093,106	\$ 110,821,945	\$ —	\$ 152,915,051
Investment Accounts	41,001,345	—	—	41,001,345
Municipal Bonds	653,375	—	—	653,375
Repurchase Agreements	3,976,130,188	—	5,456,000	3,981,586,188
Stocks	27,442,113,622	10,293,970	56,917,369	27,509,324,961
U.S. Government Securities and Corporate Obligations	<u>31,783,573,396</u>	<u>282,963,225</u>	<u>77,686,996</u>	<u>32,144,223,617</u>
	\$ <u>63,285,565,032</u>	\$ <u>404,079,140</u>	\$ <u>140,060,365</u>	\$ 63,829,704,537
<i>Unclassified</i>				
Real Estate/Mortgages				8,284,927
Mutual Funds				21,026,295
Other				17,692,702
Unemployment Compensation Funds Pooled with the U.S. Treasury				<u>985,466,968</u>
Total Investments				\$ <u>64,862,175,429</u>

## Notes to the Financial Statements For the Year Ended June 30, 2003

### Note 3. Deposits and Investments (continued)

#### Component Units

		Risk Categories			Carrying Amount
		1	2	3	
		<u>Type of Investment</u>			
<i>Proprietary Fund Types</i>					
Georgia Housing and Finance Authority	Corporate CMO	\$ 6,280,644	\$ —	\$ —	\$ 6,280,644
	Mortgage-Backed Securities	60,001,161	—	—	60,001,161
	U.S. Government Securities and Corporate Obligations	28,076,448	—	—	28,076,448
		<u>\$ 94,358,253</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 94,358,253</u>
Lottery Corporation	U.S. Government Securities and Corporate Obligations	<u>\$ 168,990,000</u>	<u>\$ —</u>	<u>\$ 51,627,000</u>	<u>\$ 220,617,000</u>
State Road and Tollway Authority	Investment Accounts	\$ —	\$ 294,573	\$ —	\$ 294,573
	Repurchase Agreements	222,332,463	—	—	222,332,463
	U.S. Government Securities and Corporate Obligations	—	30,200,611	—	30,200,611
		<u>\$ 222,332,463</u>	<u>\$ 30,495,184</u>	<u>\$ 0</u>	<u>\$ 252,827,647</u>
All Other Component Units	U.S. Government Securities and Corporate Obligations	<u>\$ 8,482,021</u>	<u>\$ 14,441,088</u>	<u>\$ 4,009,840</u>	<u>\$ 26,932,949</u>
<i>Unclassified</i>					
	Other				<u>4,031,000</u>
					<u>\$ 30,963,949</u>

## **Note 3. Deposits and Investments (continued)**

### **C. Investments Lending Program**

The State is presently involved in a securities lending program with major brokerage firms. The State lends equity and fixed income securities for varying terms and receives a fee based on the loaned securities' value. During a loan, the State continues to receive dividends and interest as the owner of the loaned securities. The brokerage firms pledge collateral securities consisting of U. S. Government and agency securities, mortgage-backed securities issued by a U. S. Government agency, and U. S. Corporate bonds. The collateral value must be equal to at least 102% to 110% of the loaned securities value, depending on the type of collateral security.

Securities loaned totaled \$23,955,347,020 at June 30, 2003, and the collateral value was equal to 104.3%. The loaned securities are classified as category 1 investments based on the custodial arrangements for the collateral securities. Loaned securities are included in the accompanying Statement of Net Assets since the State maintains ownership. The related collateral securities are not recorded as assets on the Statement of Net Assets, and a corresponding liability is not recorded, since the State does not pledge or trade the collateral securities.

## Notes to the Financial Statements For the Year Ended June 30, 2003

### Note 3. Deposits and Investments (continued)

#### D. Investment Pools

Separate reports on the State's external investment pools are not issued. Condensed financial statements, inclusive of external and internal participants for the fiscal year ended June 30, 2003, and related categorization of investments are as follows:

<u>Georgia Fund 1</u> <u>Statement of Net Assets</u> <u>June 30, 2003</u>		<u>Georgia Fund 1</u> <u>Statement of Changes in Net Assets</u> <u>For the Fiscal Year Ended June 30, 2003</u>	
<u>Assets</u>		<u>Additions</u>	
Cash and Cash Equivalents	\$ 4,701,799,132	Pool Participant Deposits	\$ 21,048,909,998
Investments	<u>1,099,439,827</u>	Investment Income	102,041,999
Net Assets	\$ <u>5,801,238,959</u>	Less: Investment Expense	<u>(1,696,091)</u>
		Total Additions	\$ 21,149,255,906
		<u>Deductions</u>	
		Pool Participant Withdrawals	<u>23,588,773,913</u>
		Net Decrease	\$ (2,439,518,007)
<u>Distribution of Net Assets</u>		<u>Net Assets</u>	
External Participant Account Balances	\$ 3,360,671,590	July 1, 2002	<u>8,240,756,966</u>
Internal Participant Account Balances	<u>2,440,567,369</u>	June 30, 2003	\$ <u>5,801,238,959</u>
	\$ <u>5,801,238,959</u>		

Because the State does not maintain separate bank accounts for Georgia Fund 1, a separate risk categorization for the Fund's deposits cannot be presented. The carrying amount of Georgia Fund 1 deposits as of June 30, 2003, was \$13,265,418. This amount is included in the categorization of deposits of the Primary Government. Investments of Georgia Fund 1 are categorized below. These amounts are included in the categorization of investments of the Primary Government.

<u>Type of Investment</u>	<u>Risk Categories</u>			<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Commercial Paper	\$ —	\$ 105,914,282	\$ —	\$ 105,914,282
Repurchase Agreements	1,835,720,624	—	—	1,835,720,624
U.S. Government Securities and Corporate Obligations	<u>3,846,338,635</u>	<u>—</u>	<u>—</u>	<u>3,846,338,635</u>
	\$ <u>5,682,059,259</u>	\$ <u>105,914,282</u>	\$ <u>0</u>	\$ <u>5,787,973,541</u>

## Notes to the Financial Statements For the Year Ended June 30, 2003

### Note 3. Deposits and Investments (continued)

#### D. Investment Pools

<u>Georgia Extended Asset Pool</u> <u>Statement of Net Assets</u> <u>June 30, 2003</u>		<u>Georgia Extended Asset Pool</u> <u>Statement of Changes in Net Assets</u> <u>For the Fiscal Year Ended June 30, 2003</u>	
<u>Assets</u>		<u>Additions</u>	
Cash and Cash Equivalents	\$ 372,297,557	Pool Participant Deposits	\$ 492,684,496
Investments	<u>950,175,394</u>	Investment Income	<u>50,355,902</u>
	\$ <u>1,322,472,951</u>	Total Additions	\$ 543,040,398
		<u>Deductions</u>	
		Pool Participant Withdrawals	<u>414,567,977</u>
		Net Increase	\$ 128,472,421
<u>Distribution of Net Assets</u>		<u>Net Assets</u>	
External Participant Account Balances	\$ 470,415,740	July 1, 2002	<u>1,194,000,530</u>
Internal Participant Account Balances	<u>852,057,211</u>	June 30, 2003	\$ <u>1,322,472,951</u>
	\$ <u>1,322,472,951</u>		

The carrying amount of Georgia amount of Georgia Extended Asset Pool was \$1,170,743. This amount is included in the categorization of deposits of the Primary Government. Investments of Georgia Extended Asset Pool are categorized below. These amounts are included in the categorization of investments of the Primary Government.

<u>Type of Investment</u>	<u>Risk Categories</u>			<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Repurchase Agreements	\$ 950,175,394	\$ —	\$ —	\$ 950,175,394
U.S. Government Securities and Corporate Obligations	<u>371,126,814</u>	<u>—</u>	<u>—</u>	<u>371,126,814</u>
	\$ <u>1,321,302,208</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>1,321,302,208</u>

## Notes to the Financial Statements For the Year Ended June 30, 2003

### Note 3. Deposits and Investments (continued)

#### D. Investment Pools

<u>Regents Investment Pool</u> <u>Statement of Net Assets</u> <u>June 30, 2003</u>		<u>Regents Investment Pool</u> <u>Statement of Changes in Net Assets</u> <u>For the Fiscal Year Ended June 30, 2003</u>	
<b><u>Assets</u></b>		<b><u>Additions</u></b>	
Cash and Cash Equivalents	\$ 1,889,885	Investment Income	
Investments	139,367,956	Interest	\$ 3,701,869
Interest Receivable	704,690	Fair Value Decreases	(755,696)
Net Assets	\$ 141,962,531	Less: Investment Expense	(368,598)
		Total Additions	\$ 2,577,575
		<b><u>Deductions</u></b>	
		Pool Participant Withdrawals	\$ 15,292,840
		Capital Transactions	(28,413,299)
		Total Deductions	(13,120,459)
		Net Increase	\$ 15,698,034
<b><u>Distribution of Net Assets</u></b>		<b><u>Net Assets</u></b>	
External Participant Account Balances	\$ 22,304,631	July 1, 2002	126,264,497
Internal Participant Account Balances	119,657,900	June 30, 2003	\$ 141,962,531
	\$ 141,962,531		

Because the State does not maintain separate bank accounts for Regents Investment Pool, a separate risk categorization for the Pool's deposits cannot be presented. The carrying amount of Pool deposits as of June 30, 2003, was \$2,594,575. This amount is included in the categorization of deposits of the Primary Government. Investments of Regents Investment Pool are categorized below. These amounts are included in the categorization of investments of the Primary Government.

<u>Type of Investment</u>	<u>Risk Categories</u>			<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Corporate Bonds	\$ —	\$ 15,074,924	\$ —	\$ 15,074,924
Repurchase Agreements	—	5,456,000	—	5,456,000
Stocks	—	56,917,369	—	56,917,369
U.S. Government Securities and Corporate Obligations	—	61,919,663	—	61,919,663
	\$ 0	\$ 139,367,956	\$ 0	\$ 139,367,956

## Notes to the Financial Statements For the Year Ended June 30, 2003

### Note 4. Receivables

Receivables at June 30, 2003, consisted of the following:

	<u>Gross Receivables</u>	<u>Allowance For Uncollectibles</u>	<u>Allowance For Possible Loan Losses</u>	<u>Allowance For Service Repayments</u>	<u>Deferred Loan Fees</u>	<u>Net Total Receivables</u>
<b>Governmental Activities:</b>						
General Fund	\$ 3,113,128,282	\$ (34,812,743)	\$ —	\$ —	\$ —	\$ 3,078,315,539
Nonmajor Governmental	237,159	—	—	—	—	237,159
Total Governmental Funds	\$ 3,113,365,441	\$ (34,812,743)	\$ —	\$ —	\$ —	\$ 3,078,552,698
Internal Service Funds	7,171,663	(185,000)	—	—	—	6,986,663
Long-Term Lease Receivable	2,570,440	—	—	—	—	2,570,440
Receivables from Fiduciary Funds	3,795,000	—	—	—	—	3,795,000
Total Governmental Activities	\$ <u>3,126,902,544</u>	\$ <u>(34,997,743)</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>3,091,904,801</u>
<b>Business-type Activities:</b>						
Georgia Technology Authority	\$ 4,763,566	\$ —	\$ —	\$ —	\$ —	\$ 4,763,566
Higher Education Fund	327,438,175	(6,042,070)	—	—	—	321,396,105
State Employees' Health Benefit Plan	34,141,680	(4,157,556)	—	—	—	29,984,124
Unemployment Compensation Fund	38,572,294	(19,034,992)	—	—	—	19,537,302
Internal Service Funds	1,885	—	—	—	—	1,885
Receivables from Fiduciary Funds	181,768	—	—	—	—	181,768
Total Business-type Activities	\$ <u>405,099,368</u>	\$ <u>(29,234,618)</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>375,864,750</u>
<b>Component Units</b>	\$ <u>1,859,019,369</u>	\$ <u>(10,141,086)</u>	\$ <u>(1,868,248)</u>	\$ <u>(41,085,349)</u>	\$ <u>(196,630)</u>	\$ <u>1,805,728,056</u>



## Note 5. Capital Assets

### Primary Government

Capital asset activity for the year ended June 30, 2003, was as follows:

	Balance July 1, 2002	Retroactive Restatement of Prior Year Balances	Increases	Decreases	Balance June 30, 2003
<b>Governmental Activities:</b>					
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$ 335,224,453	\$ 47,156,962	\$ 36,345,912	\$ —	\$ 418,727,327
Works of Art and Collections	6,239,808	19,000	53,800	—	6,312,608
Construction in Progress	1,650,184,189	—	1,005,756,522	(1,122,217,042)	1,533,723,669
<b>Total capital assets, not being depreciated</b>	<b>\$ 1,991,648,450</b>	<b>\$ 47,175,962</b>	<b>\$ 1,042,156,234</b>	<b>\$ (1,122,217,042)</b>	<b>\$ 1,958,763,604</b>
<b>Capital Assets Being Depreciated:</b>					
Infrastructure	\$ 16,342,241,597	\$ 5,898,663	\$ 722,497,991	\$ (895,607,537)	\$ 16,175,030,714
Buildings	2,062,080,673	90,679,623	400,680,088	(1,588,843)	2,551,851,541
Improvements Other Than Buildings	42,092,715	15,719,984	1,842,000	—	59,654,699
Machinery and Equipment	680,948,338	(1,529,177)	73,332,021	(56,872,538)	695,878,644
Software	66,209,462	—	1,045,073	—	67,254,535
Library Collections	3,200,000	—	—	—	3,200,000
<b>Total Capital Assets Being Depreciated</b>	<b>\$ 19,196,772,785</b>	<b>\$ 110,769,093</b>	<b>\$ 1,199,397,173</b>	<b>\$ (954,068,918)</b>	<b>\$ 19,552,870,133</b>
<b>Less Accumulated Depreciation For:</b>					
Infrastructure	\$ (5,599,440,759)	\$ —	\$ (141,508,991)	\$ 895,607,537	\$ (4,845,342,213)
Buildings	(644,819,382)	(67,029,727)	(68,315,818)	86,427	(780,078,500)
Improvements Other Than Buildings	(15,879,256)	(2,600,406)	(2,349,143)	—	(20,828,805)
Machinery and Equipment	(377,281,690)	(47,512,514)	(48,645,498)	51,783,432	(421,656,270)
Software	(32,762,846)	—	(7,400,215)	—	(40,163,061)
Library Collections	(3,200,000)	—	—	—	(3,200,000)
<b>Total Accumulated Depreciation</b>	<b>\$ (6,673,383,933)</b>	<b>\$ (117,142,647)</b>	<b>\$ (268,219,665)</b>	<b>\$ 947,477,396</b>	<b>\$ (6,111,268,849)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 12,523,388,852</b>	<b>\$ (6,373,554)</b>	<b>\$ 931,177,508</b>	<b>\$ (6,591,522)</b>	<b>\$ 13,441,601,284</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 14,515,037,302</b>	<b>\$ 40,802,408</b>	<b>\$ 1,973,333,742</b>	<b>\$ (1,128,808,564)</b>	<b>\$ 15,400,364,888</b>

## Notes to the Financial Statements For the Year Ended June 30, 2003

### Note 5. Capital Assets (continued)

#### Primary Government

	Balance July 1, 2002	Retroactive Restatement of Prior Year Balances	Increases	Decreases	Balance June 30, 2003
<b>Business-type Activities:</b>					
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$ 138,383,333	\$ 1,206,933	\$ 3,013,868	\$ (249,608)	\$ 142,354,526
Works of Art and Collections	9,827,296	—	4,092,689	—	13,919,985
Construction in Progress	41,267,430	—	62,692,433	(30,396,212)	73,563,651
Total capital assets, not being depreciated	\$ 189,478,059	\$ 1,206,933	\$ 69,798,990	\$ (30,645,820)	\$ 229,838,162
<b>Capital Assets Being Depreciated:</b>					
Infrastructure	\$ 111,137,823	\$ 9,195,300	\$ 7,933,789	\$ (6,894,509)	\$ 121,372,403
Buildings	3,474,202,249	111,332,704	203,377,151	(15,465,063)	3,773,447,041
Improvements Other Than Buildings	115,720,097	56,007,791	38,351,890	(1,064,555)	209,015,223
Machinery and Equipment	1,025,993,212	(10,471,490)	199,641,483	(68,851,643)	1,146,311,562
Software	36,482,688	—	2,846,250	—	39,328,938
Library Collections	496,323,550	277,661	32,528,875	(2,030,341)	527,099,745
Works of Art and Collections	1,023,206	—	298,033	—	1,321,239
Total Capital Assets Being Depreciated	\$ 5,260,882,825	\$ 166,341,966	\$ 484,977,471	\$ (94,306,111)	\$ 5,817,896,151
<b>Less Accumulated Depreciation For:</b>					
Infrastructure	\$ (45,921,624)	\$ 5,451,714	\$ (3,412,972)	\$ 2,239,510	\$ (41,643,372)
Buildings	(1,102,189,650)	60,654,701	(90,213,522)	8,025,261	(1,123,723,210)
Improvements Other Than Buildings	(70,980,416)	(7,452,307)	(6,321,639)	31,293	(84,723,069)
Machinery and Equipment	(631,551,672)	(891,861)	(106,856,944)	50,580,531	(688,719,946)
Software	(17,616,682)	—	(7,581,162)	—	(25,197,844)
Library Collections	(354,991,760)	(21,480)	(26,365,876)	1,950,680	(379,428,436)
Works of Art and Collections	(330,240)	—	(249,876)	—	(580,116)
Total Accumulated Depreciation	\$ (2,223,582,044)	\$ 57,740,767	\$ (241,001,991)	\$ 62,827,275	\$ (2,344,015,993)
Total Capital Assets Being Depreciated, Net	\$ 3,037,300,781	\$ 224,082,733	\$ 243,975,480	\$ (31,478,836)	\$ 3,473,880,158
<b>Business-type activities capital assets, net</b>	<b>\$ 3,226,778,840</b>	<b>\$ 225,289,666</b>	<b>\$ 313,774,470</b>	<b>\$ (62,124,656)</b>	<b>\$ 3,703,718,320</b>

As noted in the Summary of Significant Accounting Policies (Note 1), the State does not maintain complete and accurate inventory records applicable to State-owned land, nor are there historical cost values for certain parcels of land;

therefore, the table above does not represent a comprehensive valuation of the assets owned by the State of Georgia.

## Notes to the Financial Statements For the Year Ended June 30, 2003

### Note 5. Capital Assets (continued)

#### Primary Government

Current period depreciation expense was charged to functions of the primary government as follows:

General government	\$	20,202,268
Education		715,819
Health and Welfare		15,667,024
Transportation		148,987,907
Public Safety		51,263,534
Economic Development		18,075,747
Culture and Recreation		6,073,305
Conservation		5,222,588
Capital Outlay		2,011,473
	\$	<u>268,219,665</u>

#### Component Units

Capital asset activity for the year ended June 30, 2003, was as follows:

	Balance July 1, 2002	Retroactive Restatement of Prior Year Balances	Increases	Decreases	Balance June 30, 2003
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$ 178,604,647	\$ (6,288,423)	\$ 28,270,615	\$ (26,000)	\$ 200,560,839
Works of Art and Collections	201,048	—	—	—	201,048
Construction in Progress	37,023,462	4,453,130	88,405,797	(81,978,406)	47,903,983
Total capital assets, not being depreciated	\$ <u>215,829,157</u>	\$ <u>(1,835,293)</u>	\$ <u>116,676,412</u>	\$ <u>(82,004,406)</u>	\$ <u>248,665,870</u>
<b>Capital Assets Being Depreciated:</b>					
Infrastructure	\$ 149,188,064	\$ —	\$ 4,278,096	\$ (25,000)	\$ 153,441,160
Buildings	532,697,356	(186,052)	20,232,941	(1,388,372)	551,355,873
Improvements Other Than Buildings	191,501,222	1,886,818	17,344,060	(6,000)	210,726,100
Machinery and Equipment	277,165,265	(12,641,041)	31,136,279	(4,845,453)	290,815,050
Software	188,000	—	441,675	—	629,675
Total Capital Assets Being Depreciated	\$ <u>1,150,739,907</u>	\$ <u>(10,940,275)</u>	\$ <u>73,433,051</u>	\$ <u>(6,264,825)</u>	\$ <u>1,206,967,858</u>
<b>Less Accumulated Depreciation For:</b>					
Infrastructure	\$ (58,804,861)	\$ —	\$ (3,509,236)	\$ 18,000	\$ (62,296,097)
Buildings	(150,829,437)	(1,799,866)	(13,323,257)	1,216,000	(164,736,560)
Improvements Other Than Buildings	(69,889,668)	(8,314)	(7,273,700)	3,000	(77,168,682)
Machinery and Equipment	(207,521,717)	9,763,569	(21,896,056)	4,246,540	(215,407,664)
Software	—	—	—	—	—
Total Accumulated Depreciation	\$ <u>(487,045,683)</u>	\$ <u>7,955,389</u>	\$ <u>(46,002,249)</u>	\$ <u>5,483,540</u>	\$ <u>(519,609,003)</u>
Total Capital Assets Being Depreciated, Net	\$ <u>663,694,224</u>	\$ <u>(2,984,886)</u>	\$ <u>27,430,802</u>	\$ <u>(781,285)</u>	\$ <u>687,358,855</u>
Component Units capital assets, net	\$ <u>879,523,381</u>	\$ <u>(4,820,179)</u>	\$ <u>144,107,214</u>	\$ <u>(82,785,691)</u>	\$ <u>936,024,725</u>

## Note 6. Risk Management

### A. Public Entity Risk Pool

The Department of Community Health internally administers for the State of Georgia a program of health benefits for the employees of units of government of the State of Georgia, units of county government and local education agencies located within the State of Georgia. This plan is funded by participants covered in the plan, by employers' contributions paid by the various units of government participating in the plan, and appropriations by the General Assembly of Georgia. The Department of Community Health has contracted with Blue Cross Blue Shield of Georgia to process claims in accordance with the State Employees' Health Benefit Plan as established by the Department of Community Health.

A reconciliation of total claims liabilities for fiscal years ended June 30, 2003, and 2002, is shown below:

	Fiscal Year Ended June 30, 2003	Fiscal Year Ended June 30, 2002
Unpaid Claims and Claim Adjustments July 1	\$ 162,472,969	\$ 169,759,350
Incurred Claims and Claims Adjustment Expenses - Provisions for Insured Events of the Current Year	1,248,883,503	1,044,185,180
Payments - Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Year and of Prior Years	<u>(1,237,572,550)</u>	<u>(1,051,471,561)</u>
Unpaid Claims and Claim Adjustments June 30	\$ <u>173,783,922</u>	\$ <u>162,472,969</u>

### B. Board of Regents Employee Health Benefits Plan

The Board of Regents of the University System of Georgia maintains a program of health and dental benefits for its employees and retirees. This plan is funded jointly through premiums paid by participants covered under the plan and employer contributions paid by the Board of Regents and its organizational units. All units of the University System of Georgia share the risk of loss for claims of the plan.

The Board of Regents has contracted with Blue Cross Blue Shield to process all claims in accordance with medical coverage guidelines as established by the Board of Regents.

A reconciliation of total claims liabilities for fiscal years ended June 30, 2003, and 2002, is shown below:

	Fiscal Year Ended June 30, 2003	Fiscal Year Ended June 30, 2002
Unpaid Claims and Claim Adjustments July 1	\$ 29,277,958	\$ 35,179,138
Incurred Claims and Claims Adjustment Expenses - Provisions for Insured Events of the Current Year	179,559,292	170,457,218
Payments - Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Year and of Prior Years	<u>(188,280,902)</u>	<u>(176,358,398)</u>
Unpaid Claims and Claim Adjustments June 30	\$ <u>20,556,348</u>	\$ <u>29,277,958</u>

## Note 6. Risk Management (continued)

### C. Other Risk Management

The Department of Administrative Services (DOAS) has the responsibility for the State of Georgia of making and carrying out decisions that will minimize the adverse effects of accidental losses that involve State government assets. The State believes it is more economical to manage its risks internally and set aside assets for claim settlement. Accordingly, DOAS services claims for risk of loss to which the State is exposed, including general liability, property and casualty, workers' compensation, unemployment compensation, and law enforcement officers' indemnification. Limited amounts of commercial insurance are purchased applicable to property, employee and automobile liability, fidelity and certain other risks. Premiums for the risk management program are charged to the State agencies by DOAS to provide claims servicing and claims payment.

A reconciliation of total claims liabilities for fiscal years ended June 30, 2003, and 2002, is shown below:

	Fiscal Year Ended June 30, 2003	Fiscal Year Ended June 30, 2002
Unpaid Claims and Claim Adjustments July 1	\$ 353,034,255	\$ 351,780,322
Incurred Claims and Claims Adjustment Expenses - Provisions for Insured Events of the Current Year	104,952,614	97,179,943
Payments - Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Year and of Prior Years	(101,068,531)	(95,926,010)
Unpaid Claims and Claim Adjustments June 30	\$ <u>356,918,338</u>	\$ <u>353,034,255</u>

## Note 7. Construction and Other Significant Commitments

### Primary Government

The Georgia State Financing and Investment Commission has entered into agreements with various State departments and agencies for the expenditure of bond sale proceeds and cash supplements (provided by the department or agency involved) to acquire and construct capital projects. At June 30, 2003, the undisbursed balance remaining on these agreements approximates \$1,265,337,259.

At June 30, 2003, the Department of Transportation had contractual commitments of \$2,215,633,005 for construction of various highway projects. Funding of these future expenditures is expected to be provided from federal grants, motor fuel tax funds and general obligation bond proceeds.

## Note 8. Operating Leases

### A. Lessee

The State leases land, office facilities, office and computer equipment, and other assets. These leases are considered for accounting purposes to be operating leases. Although lease terms vary, many leases are subject to appropriation from the General Assembly to continue the obligation. Other leases generally contain provisions that, at the expiration date of the original term of the lease, the State has the option of renewing the lease on a year-to-year basis. Certain organizations within the State's reporting entity do not maintain adequate systems for recording lease commitments in accordance with GAAP.

Total lease payments for the State's governmental activities, business-type activities, and component units were \$76,728,874, \$30,708,400, and \$4,383,037, respectively, for the year ended June 30, 2003. Future minimum commitments for operating leases as of June 30, 2003, are listed below. Amounts are included for renewable leases for which the option to renew for the subsequent fiscal year has been exercised.

## Note 8. Operating Leases (continued)

	Governmental Activities	Business-Type Activities	Component Units
<u>Fiscal Year Ended June 30</u>			
2004	\$ 75,901,699	\$ 22,540,059	\$ 4,310,293
2005	21,988,792	6,027,413	4,396,016
2006	17,786,558	4,235,466	3,444,295
2007	16,457,667	3,127,965	2,714,319
2008	15,105,335	2,560,263	2,514,966
2009-2013	29,460,385	7,142,982	10,938,308
2014-2018	147,570	2,100	—
2019-2023	37,570	—	—
2024-2028	41,940	—	—
2029-2033	41,940	—	—
2034-2038	41,940	—	—
2039-2043	41,940	—	—
2044-2048	41,940	—	—
2049-2053	41,940	—	—
2054-2058	41,940	—	—
2059-2063	33,552	—	—
	<u>\$ 177,212,708</u>	<u>\$ 45,636,248</u>	<u>\$ 28,318,197</u>
Less: Sublease Revenues	<u>—</u>	<u>—</u>	<u>(2,463,000)</u>
Total Minimum Commitments	<u>\$ 177,212,708</u>	<u>\$ 45,636,248</u>	<u>\$ 25,855,197</u>

## Notes to the Financial Statements For the Year Ended June 30, 2003

### Note 8. Operating Leases (continued)

#### B. Lessor

The State leases certain of its facilities for use by others for terms varying from 1 to 65 years, with the majority of leases controlled by the State Properties Commission. These leases are accounted for as operating leases; revenues for services provided and for use of facilities are recorded when earned. Total revenues from rental of facilities for the State's

governmental activities and component units were \$46,148,963, and \$8,234,230, respectively for the year ended June 30, 2003. Minimum future revenues and rentals to be received under operating leases as of June 30, 2003, are as follows:

<u>Fiscal Year Ended June 30</u>	<u>Governmental Activities</u>	<u>Component Units</u>
2004	\$ 13,384,618	\$ 10,586,300
2005	13,549,531	9,702,851
2006	13,817,280	8,764,291
2007	13,439,058	8,280,535
2008	13,065,423	8,115,957
2009-2013	59,272,107	2,129,750
2014-2018	15,336,947	23,587,750
2019-2023	2,460,454	11,689,750
2024-2028	2,646,685	1,047,750
2029-2033	2,832,916	1,047,750
2034-2038	2,467,395	1,047,750
2039-2043	1,844,437	1,047,010
2044-2048	1,867,275	1,045,650
2049-2053	1,938,163	209,130
2054-2058	<u>1,107,438</u>	<u>—</u>
Total Minimum Commitments	\$ <u>159,029,727</u>	\$ <u>88,302,224</u>

## Notes to the Financial Statements For the Year Ended June 30, 2003

### Note 9. Capital Leases

The State acquires certain property and equipment through multi-year capital leases with varying terms and options. The majority of these agreements contain fiscal funding clauses in accordance with OCGA 50-5-64 which prohibits the creation of a debt to the State of Georgia for the payment of any sums under such agreements beyond the fiscal year of execution if appropriated funds are not available. If renewal of such agreements is reasonably assured, however, capital leases requiring appropriation by the General Assembly are considered noncancellable for financial reporting purposes.

As noted in the Summary of Significant Accounting Policies (Note 1), capital lease transactions have not been consistently recorded in conformity with GAAP. Capital assets in prior years have not been recorded at the net present value of the minimum payments nor has the long-term liability applicable to capital leases been consistently recorded. Also, the State does not record expenditures and other financing sources in the governmental fund types when capitalized leases are entered into as required by GAAP. At June 30, 2003, future commitments under capital leases were as follows:

	Governmental Activities	Business-Type Activities	Component Units
<b>Fiscal Year Ended June 30</b>			
2004	\$ 2,725,156	\$ 18,726,875	\$ 1,906,151
2005	1,570,183	18,230,217	815,915
2006	693,728	17,639,849	78,298
2007	381,154	14,551,047	2,596
2008	259,841	14,257,794	—
2009-2013	340,229	72,412,462	—
2014-2018	—	76,408,515	—
2019-2023	—	69,480,950	—
2024-2028	—	30,754,353	—
2029-2033	—	5,940,917	—
Total Capital Lease Payments	\$ 5,970,291	\$ 338,402,979	\$ 2,802,960
Less: Interest	(545,838)	(151,975,496)	(123,859)
Present Value of Capital Lease Payments	\$ 5,424,453	\$ 186,427,483	\$ 2,679,101



## Notes to the Financial Statements For the Year Ended June 30, 2003

### Note 10. Long-Term Liabilities

#### Primary Government

Changes in long-term liabilities for the fiscal year ended June 30, 2003 is shown in the table below:

	Balance			Balance	Amounts Due
	July 1, 2002	Increases	Decreases	June 30, 2003	Within One Year
<b>Governmental activities:</b>					
Compensated Absences Payable	\$ 244,329,904	\$ 130,584,037	(125,703,016)	\$ 249,210,925	\$ 49,860,589
Capital Lease Obligations	5,911,447	1,822,237	(2,309,231)	5,424,453	2,429,172
Contracts Payable	54,670,212	53,078	(13,936,324)	40,786,966	13,288,710
Notes and Loans Payable	2,631,842	—	(61,402)	2,570,440	64,825
General State Bond Debt	15,505	—	—	15,505	15,505
General Obligation Bonds Payable	6,058,295,000	536,625,000	(510,945,000)	6,083,975,000	440,060,000
Other	38,398,397	7,795,984	(5,350,500)	40,843,881	11,212,876
	<u>\$ 6,404,252,307</u>	<u>\$ 676,880,336</u>	<u>\$ (658,305,473)</u>	<u>\$ 6,422,827,170</u>	<u>\$ 516,931,677</u>
<b>Business-type activities:</b>					
Compensated Absences Payable	\$ 143,526,537	\$ 109,592,147	(100,486,198)	\$ 152,632,486	\$ 87,098,583
Capital Lease Obligations	93,262,622	103,614,238	(10,449,377)	186,427,483	7,954,185
Notes and Loans Payable	2,345,608	656,620	(157,161)	2,845,067	344,959
Other	150,000	—	—	150,000	—
	<u>\$ 239,284,767</u>	<u>\$ 213,863,005</u>	<u>\$ (111,092,736)</u>	<u>\$ 342,055,036</u>	<u>\$ 95,397,727</u>

The governmental funds in which the leases are recorded will liquidate the capital lease obligations for governmental activities. The compensated absences liabilities will be liquidated by the applicable funds that account for the salaries and wages of the related employees.

All General State Bonds of the State of Georgia are past due, but have not been presented for redemption. This obligation will be liquidated if and when the past due outstanding bonds and coupons are presented. Unredeemed General State Bonds at June 30, 2003, were \$15,505 with accumulated interest of \$11,475.

The State issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general State and proprietary activities, to provide

loans to local governments for water and sewer systems, to construct educational facilities for local school systems, and to refund general obligation bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the State. General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
General Government	1.25% - 7.70%	\$ 5,675,725,000
General Government - Refunding	4.75% - 6.30%	408,250,000
		<u>\$ 6,083,975,000</u>

## Notes to the Financial Statements For the Year Ended June 30, 2003

### Note 10. Long-Term Liabilities (continued)

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year	Principal	Interest	Total
2004	\$ 440,060,000	\$ 330,754,730	\$ 770,814,730
2005	475,265,000	305,404,706	780,669,706
2006	497,640,000	278,166,455	775,806,455
2007	499,415,000	250,349,441	749,764,441
2008	428,905,000	222,293,185	651,198,185
2009-2013	2,048,825,000	732,397,725	2,781,222,725
2014-2018	1,248,450,000	262,684,255	1,511,134,255
2019-2023	445,415,000	37,966,786	483,381,786
	<u>\$ 6,083,975,000</u>	<u>\$ 2,420,017,283</u>	<u>\$ 8,503,992,283</u>

### Component Units

Changes in long-term liabilities for the year ended June 30, 2003, was as follows:

	Balance July 1, 2002	Retroactive Restatement of Prior Year Balance	Increases	Decreases	Balance June 30, 2003	Amounts Due Within One Year
Compensated Absences Payable	\$ 4,951,024	\$ —	\$ 5,652,817	(2,882,022)	\$ 7,721,819	\$ 1,004,086
Capital Lease Obligations	4,376,310	—	372,556	(2,069,765)	2,679,101	1,809,908
Notes and Loans Payable	94,782,021	—	80,978,127	(118,437,888)	57,322,260	17,273,988
Prizes Payable	201,216,000	—	3,300,000	(9,084,000)	195,432,000	15,873,000
Revenue/Mortgage Bonds Payable	1,527,501,554	—	139,527,222	(159,089,760)	1,507,939,016	73,150,000
Other	32,025,003	42,125,388	1,268,795	(9,221,299)	66,197,887	6,195,758
	<u>\$ 1,864,851,912</u>	<u>\$ 42,125,388</u>	<u>\$ 231,099,517</u>	<u>\$ (300,784,734)</u>	<u>\$ 1,837,292,083</u>	<u>\$ 115,306,740</u>

The Georgia Development Authority reported two long-term notes payable to banks with a combined outstanding balance at June 30, 2003 of \$33,782,078. One note is secured by LIBOR mortgage loans financed through the note, is payable in semi-annual payments of \$384,615 that includes interest at LIBOR plus one percent, and has an outstanding balance at June 30, 2003, of \$6,538,462. The other note is secured by various fixed rate mortgage loans financed through the note, bears interest at a rate of 6.8% per annum, and has an outstanding balance at June 30, 2003, of \$27,243,616.

Revenue/mortgage bonds outstanding at June 30, 2003, consisted of: mortgage bonds issued by the Georgia Housing and Finance Authority for financing the purchase of single family mortgage loans for eligible persons and families of low and moderate income within the State of Georgia; and revenue bonds issued by the State Road and

Tollway Authority for the financing of certain construction projects within the State's highway system. The significant revenue and mortgage bonds outstanding at June 30, 2003 consists of the following:

	Georgia Housing and Finance Authority	State Road and Tollway Authority
Interest Rates	1.100% - 11.25%	2.50% - 5.375%
Bonds Outstanding	\$ 783,246,460	\$ 452,780,000
Unamortized Premium	55,300	10,740,309
Deferred Amount for Refunding	—	(3,088,709)
Net	<u>\$ 783,301,760</u>	<u>\$ 460,431,600</u>

## Notes to the Financial Statements For the Year Ended June 30, 2003

### Note 10. Long-Term Liabilities (continued)

Annual debt service requirements to maturity:

Year	Georgia Housing and Finance Authority			State Road and Tollway Authority		
	Principal	Interest	Total	Principal	Interest	Total
2004	\$ 18,830,000	\$ 41,093,000	\$ 59,923,000	\$ 40,835,000	\$ 21,291,847	\$ 62,126,847
2005	21,334,000	40,070,000	61,404,000	42,245,000	19,868,852	62,113,852
2006	22,828,000	39,080,000	61,908,000	19,820,000	18,698,514	38,518,514
2007	26,968,000	37,939,000	64,907,000	20,760,000	17,766,963	38,526,963
2008	27,276,000	36,667,000	63,943,000	21,770,000	16,723,086	38,493,086
2009-2013	131,935,000	164,493,000	296,428,000	117,150,000	66,383,667	183,533,667
2014-2018	146,774,000	129,176,000	275,950,000	109,695,000	38,290,840	147,985,840
2019-2023	155,118,000	90,980,000	246,098,000	80,505,000	8,283,419	88,788,419
2024-2028	149,036,000	49,047,000	198,083,000	—	—	—
2029-2033	95,325,000	11,807,000	107,132,000	—	—	—
2034-2037	1,935,000	50,000	1,985,000	—	—	—
Future Accretion - Capital Appreciation Bonds	(14,113,000)	14,113,000	—	—	—	—
	<u>\$ 783,246,000</u>	<u>\$ 654,515,000</u>	<u>\$ 1,437,761,000</u>	<u>\$ 452,780,000</u>	<u>\$ 207,307,188</u>	<u>\$ 660,087,188</u>

Various series of bonds under Resolution 1 and 3 at Georgia Housing and Finance Authority include capital appreciation bonds that require no payments of principal or interest until maturity. Capital appreciation bonds accrete to their maturity values at effective yields ranging from 7.10% to 11.25%.

### Note 11. Interfund Balances

Due To/From Other Funds at June 30, 2003, consist of the following:

Receivable Fund	Payable Fund	Due From	Due To
Georgia Technology Authority	General Fund	\$ 5,204,358	\$ 5,204,358
Georgia Technology Authority	Higher Education Fund	111,346	111,346
Georgia Technology Authority	Internal Service Fund	90,576	90,576
Georgia Technology Authority	Fiduciary Funds	181,768	181,768
Internal Service Funds	Fiduciary Funds	<u>3,795,000</u>	<u>3,795,000</u>
		<u>\$ 9,383,048</u>	<u>\$ 9,383,048</u>

Interfund receivables and payables are recorded for billing for services provided between agencies and risk management liabilities. All interfund receivables and payables are considered short term in nature.

## Notes to the Financial Statements For the Year Ended June 30, 2003

### Note 11. Interfund Balances (continued)

Interfund transfers at June 30, 2003, consist of the following:

Receiving Fund	Paying Fund	Transferred To	Transferred From
General Fund	Georgia State Financing and Investment Commission	\$ 150,620,910	\$ 150,620,910
General Fund	Georgia Technology Authority	19,581,928	19,581,928
General Fund	Higher Education Fund	42,104,133	42,104,133
General Fund	Internal Service Funds	7,893,803	7,893,803
Georgia State Financing and Investment Commission	General Fund	5,634,329	5,634,329
Nonmajor Governmental Funds	General Fund	625,421,301	625,421,301
Nonmajor Governmental Funds	Georgia State Financing and Investment Commission	105,085,870	105,085,870
Nonmajor Governmental Funds	Higher Education Fund	389,682	389,682
Georgia Technology Authority	Internal Service Funds	21,195,417	21,195,417
Higher Education Fund	General Fund	1,971,576,405	1,971,576,405
Higher Education Fund	Georgia Technology Authority	3,583,000	3,583,000
Internal Service Funds	General Fund	36,424,238	36,424,238
Fiduciary Funds	General Fund	3,665,985	3,665,985
		<u>\$ 2,993,177,001</u>	<u>\$ 2,993,177,001</u>

Transfers are used to move revenues from the fund that statutes require to collect them to the fund that statutes require to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

## Note 12. Nonmonetary Transactions

### Primary Government

The State of Georgia received donated goods for its use and for distribution to other qualifying organizations outside

the State reporting entity under the following programs:

Program	Value of Inventory Received	Value of Inventory Reported at June 30, 2003
Agriculture, U.S. Department of		
Food Distribution Program	\$ 32,066,272	\$ 2,363,785
Temporary Emergency Food Assistance Program	\$ 3,054,091	\$ 2,164,064
Health and Human Services, U.S. Department of		
Childhood Immunization Grant	\$ 23,340,256	\$ —
Preventive Health Services - Sexually Transmitted Disease Control Grants	\$ 163,712	\$ —
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	\$ 209,857	\$ —

The value of donated commodities received and distributed is not reported as revenues and expenses on the combined statement of revenues, expenditures and changes in fund balances. Information is not available to determine the items used within the State and the items distributed to (or held for) other qualifying organizations outside the State reporting entity.

In addition, the Georgia Department of Administrative Services operates the Donation of Federal Surplus Personal Property program for the purpose of distributing surplus properties made available by the General Services Administration to eligible institutions, organizations and agencies. The value of surplus property received and distributed is not reported as revenues and expenses on the combined statement of revenues, expenditures and changes

in fund balances, and the inventory on hand at June 30, 2003, is not reported on the combined balance sheet. The changes in Federal surplus personal property inventory during the fiscal year ended June 30, 2003, were as follows:

Balance July 1, 2002	\$ 4,304,563
Additions	
Property Received	<u>7,507,184</u>
	\$ 11,811,747
Deductions	
Property Donated and Other Distributions	<u>4,944,528</u>
Balance June 30, 2003	<u>\$ 6,867,219</u>

## **Note 12. Nonmonetary Transactions (continued)**

The Federal government provides food stamps to low-income households. The amount of food stamps a household receives depends on the household's size and financial circumstances. The Georgia Department of Human Resources is responsible for determining eligibility for participation in the food stamp program within the State. During the year under review, the total value of food stamps distributed as approved by the Department was \$738,255,272.

## **Note 13. Contingencies**

### **A. Grants and Contracts**

Amounts received or receivable from grantor agencies are subject to audit and review by grantor agencies, principally the Federal government. This could result in a request for reimbursement by the grantor agency for any expenditures which are disallowed under grant terms. The State believes that such disallowances, if any, will be immaterial to its overall financial position.

### **B. Litigation**

The State is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine governmental operations. The ultimate disposition of these proceedings is not presently determinable. However, the ultimate disposition of these proceedings would not have a material adverse effect on the financial condition of the State, with the following exceptions:

#### **Primary Government**

A suit has been filed against the Georgia State Financing and Investment Commission involving a third-party action by the joint venture construction manager for the Georgia World Congress Center phase IV expansion project for indemnity from a number of subcontractors' claims based upon differing construction conditions. The subcontractors' claims are currently in mandatory arbitration, along with several other subcontractors, with multiple hearing being conducted each month. A decision by the arbitrators is expected in December 2004. The presently-asserted claim is for approximately \$50,000,000. However, Georgia State

Financing and Investment Commission anticipates the amount that is capable of being passed through to them as being substantially less, and an amount additionally capable of being defended as not being due to any cause or fault of Georgia State Financing and Investment Commission.

Currently, negotiations for final contract claims of approximately \$19,000,000 have stalled. Georgia State Financing and Investment Commission anticipates that these claims will be amended into the lawsuit. In addition, Georgia State Financing and Investment Commission anticipates about three more subcontractors may file suit, all with claims expected to be less than \$1,000,000 each. Georgia State Financing and Investment Commission will vigorously defend all of the claims based upon a number of factual and contractual defenses.

### **C. Guaranteed Loans**

#### **Component Units**

The Federal Government, through the Guaranteed Student Loan Programs of the U.S. Department of Education, fully reinsured loans guaranteed through September 30, 1993, until the State's rate of annual losses (defaults) exceeded five percent (5%). In the event of future adverse loss experience, the State could be liable for up to (1) twenty percent (20%) of the outstanding balance of loans in repayment status at the beginning of each year which were disbursed prior to October 1, 1993, and (2) twenty-two percent (22%) of the outstanding balance of loans in repayment status at the beginning of each year which were disbursed on or after October 1, 1993.

## **Note 14. Subsequent Events**

### **Primary Government**

#### **General Obligation Bonds Issued**

The State issued General Obligation Bonds in the amount of \$172,575,000 on July 1, 2003 (Series 2003A and 2003B); and in the amount of \$485,230,000 on December 1, 2003 (Series 2003C and 2003D).

Proceeds from these bonds will be used for the purpose of financing various capital outlay projects.

## Note 15. Retirement Systems

### *Georgia Defined Contribution Plan*

#### **Plan Description**

The Georgia Defined Contribution Plan ("GDCP") is a single-employer, defined contribution plan established by the Georgia General Assembly in July 1992 for the purpose of providing retirement allowances for State employees who are not members of a public retirement or pension system. GDCP is administered by the Employees' Retirement System (ERS) Board of Trustees. ERS issues a publicly available financial report that includes the financial statements and disclosures applicable to GDCP. The report may be obtained at the ERS offices.

#### **Membership**

As of June 30, 2003, participation in GDCP was as follows:

Active plan members	32,840
Terminated employees entitled to benefits but not yet receiving benefits	76,236
Total	109,076
Employers	305

#### **Summary of Significant Accounting Policies**

The financial statements of GDCP are prepared on the accrual basis of accounting. Contributions from the members are recognized in the period in which the members provide services. Benefit and refund payments are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price.

### *District Attorneys' Retirement Fund*

#### **Plan Description**

The District Attorneys' Retirement Fund ("DARF") is a single-employer, defined benefit pension plan established by the Georgia General Assembly in 1949 for the purpose of providing retirement benefits to the district attorneys of the

State of Georgia. DARF is directed by its own Board of Trustees. The Boards of Trustees for ERS and DARF entered into a contract for ERS to administer the plan effective July 1, 1995. ERS issues a publicly available financial report that includes the financial statements and disclosures applicable to DARF. The report may be obtained at the ERS offices.

#### **Benefits**

Persons appointed as district attorney emeritus shall receive an annual benefit of \$15,000 or one-half of the State salary received by such person as a district attorney for the calendar year immediately prior to the person's retirement, whichever is greater.

#### **Summary of Significant Accounting Policies**

The financial statements of DARF are prepared on the accrual basis of accounting. Contributions from the employer and members are recognized in the period in which the members provide services. Benefit and refund payments are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price.

#### **Funding Policy**

Member contributions were five percent (5.0%) of their annual salary plus an additional two and one-half percent (2.5%) for the spousal coverage benefit if elected. The State paid member contributions of five percent (5.0%) of the member's annual salary. Additional employer contributions are not actuarially determined but are provided on an as-needed basis to fund current benefits.

### *Employees' Retirement System of Georgia*

#### **Plan Description**

Employees' Retirement System of Georgia ("ERS") is a single-employer, defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees and has the powers and privileges of a corporation. ERS issues a publicly available financial report that includes the applicable financial statements and required supplementary information. The report may be obtained at the ERS offices.

## Note 15. Retirement Systems (continued)

On November 20, 1997, the Board created the Supplemental Retirement Benefit Plan ("SRBP") of ERS. SRBP was established as a qualified governmental excess benefit plan in accordance with Section 415 of the Internal Revenue Code ("IRC") as a portion of ERS. The purpose of the SRBP is to provide retirement benefits to employees covered by ERS whose benefits are otherwise limited by IRC Section 415. Beginning January 1, 1998, all members and retired former members in ERS are eligible to participate in the SRBP whenever their benefits under ERS exceed the limitation on benefits imposed by IRC Section 415.

### Benefits

The benefit structure of ERS was significantly modified on July 1, 1982. Unless the employee elects otherwise, an employee who currently maintains membership with ERS based upon State employment that started prior to July 1, 1982, is an "old plan" member subject to the plan provisions in effect prior to July 1, 1982. All other members are "new plan" members subject to the modified plan provisions.

Under both the old and new plans, a member may retire and receive normal retirement benefits after completion of ten (10) years of creditable service and attainment of age sixty-five (65). Additionally, there are certain provisions allowing for retirement after twenty-five (25) years of creditable service regardless of age.

Retirement benefits paid to members are based upon the monthly average of the member's highest twenty-four (24) consecutive calendar months multiplied by the number of years of creditable service multiplied by the applicable benefit factor. Post-retirement cost-of-living adjustments are also made to members' benefits. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension at reduced rates to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

### Summary of Significant Accounting Policies

The financial statements of ERS are prepared on the accrual basis of accounting. Contributions from the employer and members are recognized in the period in which the members provide services. Benefit and refund payments are recognized when due and payable in accordance with the

terms of the plan. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price.

### Funding Policy

Member contributions under the old plan are four percent (4.0%) of annual compensation up to \$4,200 plus six percent (6.0%) of annual compensation in excess of \$4,200. Under the old plan, the State pays member contributions in excess of one and one-fourth percent (1.25%) of annual compensation. Under the old plan, these State contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan are one and one-fourth percent (1.25%) of annual compensation. The State is required to contribute at a specified percentage of active member payroll determined annually by actuarial valuation.

### Annual Pension Cost

The required contribution for 2003 was determined as part of the June 30, 2002, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) seven percent (7%) investment rate of return, (b) projected salary increases due to inflation of three and one-half percent (3.5%) per year, and (c) projected salary increases due to seniority/merit raises of five and two-tenths percent (5.2%) to nine percent (9.0%) per year. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. ERS' actuarial funding excess is being amortized as a level percentage of projected payroll on an open basis. The employer contributions are projected to liquidate the actuarial accrued funding excess within forty (40) years based upon the actuarial valuation at June 30, 2002.

### Three-Year Trend Information for ERS (in thousands):

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2000	302,332	100%	0
2001	315,505	100%	0
2002	233,229	100%	0



## Note 15. Retirement Systems (continued)

### *Georgia Judicial Retirement System*

#### **Plan Description**

The Georgia Judicial Retirement System ("GJRS") is a system created to serve the members and beneficiaries of the Trial Judges and Solicitors Retirement Fund, the Superior Court Judges Retirement System and the District Attorneys' Retirement System (collectively the "Predecessor Retirement Systems"). As of June 30, 1998, any person who was an active, inactive or retired member or beneficiary of the Predecessor Retirement Systems was transferred to GJRS in the same status effective July 1, 1998. All assets of the Predecessor Retirement Systems were transferred to GJRS as of July 1, 1998.

GJRS is a multiple-employer cost-sharing defined benefit pension plan established by the Georgia General Assembly for the purpose of providing retirement allowances for trial judges and solicitors of certain courts in Georgia, and their survivors and other beneficiaries, superior court judges of the State of Georgia, and district attorneys of the State of Georgia. GJRS is administered by the ERS Board of Trustees and three (3) other trustees not on the ERS Board. ERS issues a publicly available financial report that includes the financial statements and required supplementary information applicable to GJRS. The report may be obtained at the ERS offices.

#### **Benefits**

The normal retirement for GJRS is age sixty (60) with sixteen (16) years of creditable service; however, a member may retire at age sixty (60) with a minimum of ten (10) years of creditable service.

Retirement benefits paid to members are computed as sixty-six and two-thirds percent (66 2/3%) of annual salary plus one percent (1%) for each year of credited service over sixteen (16) years, not to exceed twenty-four (24) years. Early retirement benefits paid to members are computed as the pro rata portion of the normal retirement benefit, based on service not to exceed sixteen (16) years. Death, disability, and spousal benefits are also available.

#### **Summary of Significant Accounting Policies**

The financial statements of GJRS are prepared on the accrual basis of accounting. Contributions from the employer and members are recognized in the period in which the members provide services. Benefit and refund payments are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Short-term investments are reported

at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price.

#### **Funding Policy**

Members are required to contribute seven and one-half percent (7.5%) of their annual salary plus an additional two and one-half percent (2.5%) if spousal benefit is elected. Employer contributions are actuarially determined and approved and certified by the GJRS Board of Trustees.

### *Legislative Retirement System*

#### **Plan Description**

#### **Organization and Purpose**

Legislative Retirement System ("LRS") is a single-employer, defined benefit plan established by the Georgia General Assembly in 1979 for the purpose of providing retirement allowances for all members of the Georgia General Assembly. LRS is administered by the ERS Board of Trustees. ERS issues a publicly available financial report that includes the applicable financial statements and required supplementary information. The report may be obtained at the ERS offices.

#### **Benefits**

A member's normal retirement is after eight (8) years of creditable service and attainment of age sixty-five (65), or eight (8) years of membership service (4 legislative terms) and attainment of age sixty-two (62). A member may retire early and elect to receive a monthly retirement benefit after completion of eight (8) years of membership service and attainment of age sixty (60); however, the retirement benefit is reduced by five percent (5.0%) for each year the member is under age sixty-two (62).

Upon retirement, the member will receive a monthly service retirement allowance of \$32 multiplied by the number of years of creditable service reduced by age reduction factors, if applicable. Death, disability, and spousal benefits are also available through the plan.

#### **Summary of Significant Accounting Policies**

The financial statements of LRS are prepared on the accrual basis of accounting. Contributions from the employer and members are recognized in the period in which the members provide services. Benefit and refund payments are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price.

## Note 15. Retirement Systems (continued)

### Funding Policy

Member contributions are eight and one-half percent (8.5%) of annual salary. The State pays member contributions in excess of four and three-fourths percent (4.75%) of annual compensation. Employer contributions are actuarially determined and approved and certified by the Board.

### Annual Pension Cost

The required contribution for 2003 was determined as part of the June 30, 2002, actuarial valuation using the unit credit actuarial cost method. The actuarial assumptions included (a) seven percent (7%) investment rate of return, and (b) three percent (3%) annual post-retirement cost-of-living adjustment. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. LRS' actuarial funding excess is being amortized using the level dollar method on an open basis.

### Three-Year Trend Information for LRS (in thousands)

Year Ended June 30	Pension Cost (APC)	of APC Contributed	Pension Obligation
2000	23	417%	0
2001	-	N/A	0
2002	1	7000%	0

## Georgia Military Pension Fund

### Plan Description

The Georgia Military Pension Fund ("GMPF") is a defined benefit pension plan established by the Georgia General Assembly in 2002 for the purpose of providing retirement allowances and other benefits for members of the Georgia National Guard ("National Guard"). The GMPF is administered by the Employees Retirement System Board of Trustees.

### Benefits

A member becomes eligible for benefits upon attainment of age 60 with 20 or more years of creditable service (including at least 15 years of service as a member of the National Guard), having served at least 10 consecutive years as a member of the National Guard immediately prior to discharge, and having received an honorable discharge from the National Guard.

The retirement allowance is payable for life in the amount of \$50 per month plus \$5 per month for each year of creditable

service in excess of 20 years. The maximum benefit is \$100 per month.

### Summary of Significant Accounting Policies

The financial statements of SCJRF are prepared on the accrual basis of accounting. Contributions from the employer and members are recognized in the period in which the members provide services. Benefit and refund payments are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price.

### Funding Policy

Employer contributions are actuarially determined and approved and certified by the ERS Board of Trustees. There are no member contributions required.

## Superior Court Judges Retirement Fund

### Plan Description

The Superior Court Judges Retirement Fund ("SCJRF") is a single-employer, defined benefit pension plan established by the Georgia General Assembly in 1945 for the purpose of providing retirement benefits to the superior court judges of the State of Georgia. SCJRF is directed by its own Board of Trustees. The Boards of Trustees for ERS and SCJRF entered into a contract for ERS to administer the Plan effective July 1, 1995. ERS issues a publicly available financial report that includes the financial statements and disclosures applicable to SCJRF. The report may be obtained at the ERS offices.

### Benefits

The normal retirement for SCJRF is age sixty-eight (68) with nineteen (19) years of creditable service with a benefit of two-thirds the salary paid to superior court judges. A member may also retire at age sixty-five (65) with a minimum of ten (10) years of creditable service with a benefit of one-half the salary paid to superior court judges. Death, disability, and spousal benefits are also available.

### Summary of Significant Accounting Policies

The financial statements of SCJRF are prepared on the accrual basis of accounting. Contributions from the employer and members are recognized in the period in which the members provide services. Benefit and refund payments are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price.

## Note 15. Retirement Systems (continued)

### Funding Policy

Member contributions are five percent (5.0%) of their salary plus an additional two and one-half percent (2.5%) for the spousal coverage benefit if elected. The State pays member contributions of five percent (5.0%) of the member's annual salary. Additional employer contributions are not actuarially determined but are provided on an as-needed basis to fund current benefits.

### *Regents Retirement Plan*

#### Plan Description

The Regents Retirement Plan, a single-employer defined contribution plan, is an optional retirement plan established and administered by the Board of Regents of the University System of Georgia (Higher Education Fund), under which it may purchase annuity contracts for the purpose of providing retirement and death benefits for eligible faculty and principal administrators.

#### Benefits

Benefits depend solely on amounts contributed to the plan plus investment earnings. Benefits are payable to participating employees or their beneficiaries in accordance with the terms of the annuity contracts.

#### Funding Policy

Member contributions are five percent (5.0%) of the earnable compensation, as established by the Board of Trustees of the Teachers' Retirement System. Employer contributions are 10.02% of the participating employee's earnable compensation. Employer contributions are established by statute and may be amended only by the General Assembly of the State of Georgia. Amounts attributable to all plan contributions are fully vested and non-forfeitable. In 2003, employer and employee contributions were (in thousands) \$55,538 and \$27,740, respectively.

### *Teachers' Retirement System of Georgia*

#### Plan Description

The Teachers' Retirement System of Georgia ("TRS") is a cost-sharing multiple-employer plan created in 1943 by an act of the Georgia General Assembly to provide retirement benefits for qualifying employees in educational service. A Board of Trustees comprised of active and retired members and ex-officio State employees is ultimately responsible for the administration of TRS. TRS issues a publicly available financial report that includes the applicable financial statements and required supplementary information. The

report may be obtained at the TRS offices.

On October 25, 1996, the Board created the Supplemental Retirement Benefit Plan of the Georgia Teachers ("SRBP"). SRBP was established as a qualified governmental excess benefit plan in accordance with Section 415 of the Internal Revenue Code ("IRC") as a portion of TRS. The purpose of the SRBP is to provide retirement benefits to employees covered by TRS whose benefits are otherwise limited by IRC Section 415. Beginning July 1, 1997, all members and retired former members in TRS are eligible to participate in the SRBP whenever their benefits under TRS exceed the IRC Section 415 imposed limitation on benefits.

#### Benefits

A member is eligible for normal service retirement after thirty (30) years of creditable service, regardless of age, or after ten (10) years of service and attainment of age sixty (60). A member is eligible for early retirement after twenty-five (25) years of creditable service.

Normal retirement (pension) benefits paid to members are equal to two percent (2.0%) of the average of the member's two (2) highest paid consecutive years of service multiplied by the number of years of creditable service up to forty (40) years. Early retirement benefits are reduced by the lesser of one-twelfth (1/12) of seven percent (7.0%) for each month the member is below age sixty (60), or by seven percent (7.0%) for each year or fraction thereof by which the member has less than thirty (30) years of service. It is also assumed that certain cost-of-living adjustments, based on the CPI, will be made in future years. Retirement benefits are payable monthly for life. Death, disability and spousal benefits are also available.

#### Summary of Significant Accounting Policies

The financial statements of TRS are prepared on the accrual basis of accounting. Contributions from the employers and members are recognized in the period in which the members provide services. Benefit and refund payments are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price.

#### Funding Policy

TRS is funded by member and employer contributions as adopted and amended by the Board of Trustees. Member contributions are five percent (5%) of annual salary, and employer contributions are 9.24%, as required by the annual actuarial valuation. The State's contributions to TRS for the years ending June 30, 2003 and 2002 were (in thousands) \$104,131 and \$119,391, respectively, and were equal to the required contributions for each year.

## Note 16. Postemployment Benefits

In addition to the pension benefits described in Note 15, the State of Georgia provides postretirement health care benefits through the State Health Benefit Plan to retirees pursuant to Title 45, Chapter 18 of the OCGA. An individual eligible for these benefits must have been a full time employee at the time of retirement of either the State of Georgia or a county social service agency and must be receiving monthly retirement benefits from either the Employees' Retirement System of Georgia or a county employees' retirement system. The State Health Benefit Plan is a public entity risk pool funded by employee and employer contributions. Employees and retirees subject to the Plan contribute amounts determined by the State Personnel Board for various health insurance plans. The various agencies of the State contribute to the health insurance fund based upon amounts recommended by the State Personnel Board and set forth in the Appropriations Act. The State Health Benefit Plan is funded on a "pay-as-you-go" basis. Expenses of the Plan include provisions for incurred but not reported claims.

As of June 30, 2003, there were 66,109 employees who had retired and were receiving postretirement health care benefits through the State Health Benefit Plan. For the fiscal year ended June 30, 2003, the State recognized expenditures of \$237,893,820, which was net of retiree contributions of \$105,991,874.

Pursuant to the general powers conferred by OCGA Section 20-3-31, the Board of Regents of the University System of Georgia (college and university funds) has established group health and life insurance programs for regular employees of the University System. It is the policy of the Board of Regents to permit employees of the University System eligible for retirement or that become permanently and totally disabled to continue as members of the group health

and life insurance programs. Employees who are eligible for retirement or disability under the criteria established by the Teachers Retirement System and who have at least ten years of service with the University System are eligible for these postemployment health and life insurance benefits. The University System pays the employer portion for group insurance for affected individuals. For the fiscal year ended June 30, 2003, the University System recognized expenditures of \$40,905,021, which was net of participant contributions of \$15,491,057.

## Note 17. Deficit Fund Balance/Net Assets

The following organizations had deficit balances at June 30, 2003.

### Primary Government

#### *Internal Service Funds – Risk Management*

*Unemployment Compensation Fund* - At June 30, 2003, the Fund had an unrestricted net assets deficit of \$1,389,433.

### Component Units

*Lake Lanier Islands Development Authority* - At June 30, 2003, the Fund had an unrestricted net assets deficit of \$9,703,538.

*Road and Tollway Authority* – At June 30, 2003, the Authority had an unrestricted net assets deficit of \$135,913,915.

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## REQUIRED SUPPLEMENTARY INFORMATION

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## Employees' Retirement System of Georgia

### *Schedule of Funding Progress*

(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability ("AAL") - Entry Age (b)	Unfunded AAL/(Funding Excess) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL/(Funding Excess) as a Percentage of Covered Payroll [(b-a)/c]
6/30/00	10,999,901	10,573,408	(426,493)	104.0%	2,304,289	(18.5%)
6/30/01	11,750,624	11,557,255	(193,369)	101.7%	2,397,169	(8.1%)
6/30/02	12,124,414	11,994,850	(129,564)	101.1%	2,408,306	(5.4%)



## Required Supplementary Information Budgetary Comparison Schedule Budget Fund For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts			Variance
	Original	Final	Actual Amounts	Positive (Negative)
Funds Available (inflows)				
Revenues:				
State Appropriation				
Regular	\$ 15,307,983,094	\$ 15,315,646,346	\$ 15,314,574,409	\$ (1,071,937)
Lottery Proceeds	625,000,000	665,037,766	665,037,766	0
Tobacco Settlement Funds	173,002,372	185,622,923	185,622,923	0
Federal Revenues	6,536,341,100	8,621,512,245	8,168,484,960	(453,027,285)
Other Revenues Retained	5,394,646,037	6,664,250,642	5,823,551,140	(840,699,502)
Total Revenues	\$ 28,036,972,603	\$ 31,452,069,922	\$ 30,157,271,198	\$ (1,294,798,724)
Carry-Over from Prior Year:				
Transfer from Fund Balance	85,026,075	3,734,447,795	1,504,690,915	(2,229,756,880)
Total Funds Available	\$ 28,121,998,678	\$ 35,186,517,717	\$ 31,661,962,113	\$ (3,524,555,604)
Expenditures (outflows)				
Administrative Services, Department of	\$ 64,706,527	\$ 64,437,689	\$ 57,468,018	\$ 6,969,671
Agricultural Exposition Authority	6,678,170	6,460,118	6,510,618	(50,500)
Agriculture, Department of	54,080,627	55,742,696	55,653,071	89,625
AgriRama Development Authority	1,853,242	1,807,409	1,390,740	416,669
Audits and Accounts, Department of	31,225,276	30,302,276	29,935,959	366,317
Banking and Finance, Department of	11,192,120	10,789,924	10,413,140	376,784
Building Authority	44,840,097	54,413,625	48,383,694	6,029,931
Community Affairs, Department of	155,242,671	226,389,043	218,799,890	7,589,153
Community Health, Department of	6,746,062,223	8,562,759,097	8,159,966,449	402,792,648
Corrections, Department of	981,769,781	1,056,166,536	975,425,571	80,740,965
Defense, Department of	36,696,620	37,356,750	36,606,487	750,263
Education, Department of	6,913,430,590	7,361,781,908	7,242,641,964	119,139,944
Employees' Retirement System -				
Administrative Expense Fund	7,478,230	12,546,411	10,579,956	1,966,455
Financing and Investment Commission, Georgia State	0	0	0	0
Forestry Commission	43,583,399	45,658,263	45,405,692	252,571
General Assembly	36,367,560	37,747,102	30,322,919	7,424,183
General Obligation Debt Sinking Fund	602,752,918	625,421,301	625,421,301	0
Governor, Office of the	53,021,783	95,770,269	75,632,187	20,138,082
Guaranteed Revenue Debt Common Reserve Fund	0	0	0	0
Human Resources, Department of	2,785,546,425	3,261,111,947	3,120,662,736	140,449,211
Industry, Trade and Tourism, Department of	96,057,825	107,110,021	106,954,092	155,929
Insurance, Department of	17,229,392	17,633,388	16,838,779	794,609
Investigation, Georgia Bureau of	99,142,475	154,517,081	137,022,298	17,494,783
Judicial Branch	141,110,410	150,094,564	149,999,123	95,441
Juvenile Justice, Department of	297,900,801	328,899,845	313,247,068	15,652,777
Labor, Department of	356,904,865	432,285,616	417,827,863	14,457,753
Law, Department of	37,174,846	46,126,574	45,632,540	494,034
Motor Vehicle Safety, Department of	104,541,676	107,229,082	106,257,383	971,699
Natural Resources, Department of	185,582,542	280,730,525	273,177,341	7,553,184
Pardons and Paroles, State Board of	50,181,567	49,387,109	49,027,202	359,907
Personnel Board, State - Merit System of				
Personnel Administration	14,390,292	17,882,575	13,525,302	4,357,273
Public Safety, Department of	112,830,819	141,326,786	128,971,619	12,355,167
Public School Employees' Retirement System	15,258,226	4,127,798	4,127,798	0
Public Service Commission	9,452,805	9,609,275	9,521,765	87,510
Public Telecommunications Commission	37,798,773	36,790,093	31,251,644	5,538,449
Regents of the University System of Georgia, Board of	4,007,982,895	4,384,050,467	3,755,974,401	628,076,066

**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Budget Fund**  
**For the Fiscal Year Ended June 30, 2003**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Revenue, Department of	\$ 451,468,445	\$ 497,195,299	\$ 485,330,597	\$ 11,864,702
School Readiness, Office of	322,449,724	338,852,496	336,566,516	2,285,980
Secretary of State	38,353,639	40,927,451	40,526,117	401,334
Soil and Water Conservation Commission	4,210,988	4,686,416	4,667,286	19,130
Student Finance Commission	420,673,917	432,897,638	417,936,871	14,960,767
Teachers' Retirement System - Expense Fund	15,271,579	25,925,324	23,851,678	2,073,646
Technical and Adult Education, Department of	365,444,804	493,801,527	467,919,971	25,881,556
Technology Authority	199,652,972	230,196,791	200,692,732	29,504,059
Transportation, Department of	2,099,027,200	5,260,034,053	1,964,389,133	3,295,644,920
Veterans Service, Department of	32,560,296	33,383,330	33,010,448	372,882
Workers' Compensation, State Board of	12,816,646	14,154,229	12,477,123	1,677,106
	<u>\$ 28,121,998,678</u>	<u>\$ 35,186,517,717</u>	<u>\$ 30,297,945,082</u>	<u>\$ 4,888,572,635</u>
Excess of Funds Available over Expenditures			<u>\$ 1,364,017,031</u>	<u>\$ 1,364,017,031</u>

**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Budget-To-GAAP Reconciliation**  
**For the Fiscal Year Ended June 30, 2003**

	<u>General Fund</u>
<b>Sources/Inflows of Resources</b>	
Actual amounts (budgetary basis) "Total Funds Available" from the budgetary comparison schedule	\$ 31,661,962,113
Differences - budget to GAAP:	
Revenues of nonbudgeted funds included within the State's reporting entity, and shown in General Fund for financial reporting purposes.	14,904,913,156
Revenues of budgeted funds included in the Budget Fund, but removed from the General Fund for financial reporting purposes.	(4,331,828,974)
Budgeted Carry-Over Funds from Prior Year Fund Balances shown as Funds Available in Budget Fund, but removed for financial reporting purposes.	(1,504,690,915)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(121,712,211)
Receivables and revenues accrued based on encumbrances reported for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary purposes</i> , but in the year the supplies are received for GAAP reporting.	(160,117,455)
Accrual of taxpayer assessed receivables and revenues .	84,084,077
Proceeds from the sale of land and equipment are budgetary resources but are regarded as other financing sources under GAAP.	(4,659,671)
State appropriation revenues are budgetary resources, but are netted with the State's treasury disbursements for GAAP purposes.	(16,165,235,098)
Budget Fund reserves federal financial assistance, but these funds are not earned at year end, and are shown as deferred revenue for GAAP purposes.	3,767,043
Intrafund revenues are budgetary revenues, but are not revenue for GAAP reporting purposes.	(381,563,199)
Fund balance adjustments are not inflows of budgetary resources, but are current year revenues for GAAP reporting purposes.	3,441,216
Change in revenue accrual for nonbudgetary medicaid claims.	183,548,400
Change in revenue accrual for nonbudgetary food stamp program.	738,255,272
Change in pooled investments to show at fair value.	380,441
Other net accrued receivables and revenues.	<u>48,403,466</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ <u><u>24,958,947,661</u></u>

Required Supplementary Information  
Budgetary Comparison Schedule  
Budget-To-GAAP Reconciliation  
For the Fiscal Year Ended June 30, 2003

	<u>General Fund</u>
<b>Uses/Outflows of Resources</b>	
Actual amounts (budgetary basis) "Total Expenditures" from the budgetary comparison schedule	\$ 30,297,945,082
Differences - budget to GAAP:	
Expenditures of Nonbudgeted Funds included within the State's reporting entity, and shown in General Fund for financial reporting purposes.	73,479,066
Expenses of Budgeted Funds included in the Budget Fund, but removed from the General Fund for financial reporting purposes.	(6,352,914,802)
Transfers to other funds are outflows of budgetary resources but are not expenditures for GAAP reporting purposes.	(626,015,051)
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary purposes</i> , but in the year the supplies and equipment are received for GAAP reporting.	(130,810,825)
Intrafund expenditures are budgetary expenditures, but are not expenditures for GAAP reporting purposes.	(376,822,751)
Fund balance adjustments are not outflows of budgetary resources, but are current year expenditures for GAAP reporting purposes.	(277,529,914)
Change in expenditure accrual for nonbudgetary medicaid claims.	209,600,000
Change in expenditure accrual for nonbudgetary food stamp program	738,255,272
Change in expenditure accrual for nonbudgetary teacher salaries.	11,178,937
Capital lease acquisitions are not outflows of budgetary resources, but are recorded as current expenditures and other financing sources for GAAP reporting	1,795,824
Other net accrued liabilities and expenditures.	<u>99,204,562</u>
Total Expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ <u><u>23,667,365,400</u></u>

## Required Supplementary Information For the Fiscal Year Ended June 30, 2003

### **Budgetary Process**

The Official Code of Georgia Annotated (OCGA), Title 45, Chapter 12, Article 4 sets forth the process for the development and monitoring of an appropriated budget for the State of Georgia. Not later than September 1 of each year, the head of each executive branch budget unit must submit estimates of the financial requirements for the subsequent fiscal year to the Office of Planning and Budget, which operates under the direction of the Governor. Budget estimates relative to the legislative and judicial branches of State government are provided to the Office of Planning and Budget for the purpose of estimating the total financial needs of the State, but are not subject to revision or review by the Office of Planning and Budget.

The Governor, through the Office of Planning and Budget, examines the estimates and may investigate and revise executive branch submissions as necessary. Upon the completion and revisions of the estimates, the Governor must prepare and submit a budget report to the General Assembly within five days of the date on which the General Assembly convenes. The Governor possesses the responsibility and authority to establish the revenue estimate for the corresponding fiscal year.

The General Assembly, after adopting such modifications to the Governor's budget report, as it deems necessary, enacts the General Appropriations Act for the subsequent fiscal year. Each General Appropriations Act enacted, along with amendments as are adopted, continues in force and effect for the next fiscal year after adoption. In accordance with the Constitution of the State of Georgia, Article III, Section IX, Paragraph 4, the General Assembly is prohibited from appropriating funds for any given fiscal year which, in the aggregate, exceeds the amount of unappropriated surplus funds expected to have accrued at the beginning of the subsequent fiscal year together with the total estimated amount of receipts from existing revenue sources, less refunds, anticipated to be collected in the subsequent fiscal year. The Constitution further authorizes the passage of additional Supplementary Appropriation Acts for specific purposes, provided sufficient unappropriated funds are available or additional revenue measures have been enacted. Federal funds received by the State are continually appropriated in the exact amounts and for the purposes authorized and directed by the awarding federal agency.

Internal transfers within a budget unit and between objects of functional or activity budget units are subject to the condition that no State funds shall be transferred for the purpose of initiating a new program area not currently having a State funds appropriation.

The Governor, through the Office of Planning and Budget, requires each budget unit, other than those of the legislative and judicial branches, to submit an annual operating budget based on the activities and functions set forth in the Appropriations Act. Budget units submit quarterly allotment requests, which must be approved in conjunction with quarterly work programs prior to release of appropriated funds. Further monitoring of budget unit activities is accomplished by review of expenditure reports, which are submitted quarterly to the Office of Planning and Budget.

Budget units (i.e., agencies, commissions) of the State are responsible for budgetary control of their respective portion of the total State appropriated budget. The legal level of budgetary control is at the object class level. Due to the complex nature of the State appropriated budget, a separate budgetary report entitled, "Report of the State Auditor of Georgia," is published each year. This report includes a listing of State organizations (appropriation units) which incurred expenditures in excess of amounts budgeted by object class.

The appropriated budget covers the majority of the governmental funds included within the State of Georgia reporting entity, but excludes the debt service fund and capital projects funds, which are not subject to appropriation. The budget does include certain proprietary funds, the higher education funds, and the administrative costs of operating various public employee retirement systems.

### **Budgetary Presentation**

The accompanying budgetary comparison schedule for the Budget Fund presents comparisons of the legally adopted budget with actual data prepared on the budgetary basis of accounting utilized by the State. The Budget Fund, a compilation of the budget units of the State, differs from the funds presented in the basic financial statements. The Budget-to-GAAP reconciliation immediately following the budgetary comparison schedule identifies the necessary adjustments to convert the Budget Fund into governmental funds, proprietary funds, and fiduciary funds, as required by generally accepted accounting principles (GAAP).

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COMBINING AND INDIVIDUAL  
FUND STATEMENTS

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## NONMAJOR GOVERNMENTAL FUNDS

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## Nonmajor Governmental Funds

### CAPITAL PROJECTS FUND

The Capital Projects Funds account for the acquisition or construction of governmental capital assets. The State's nonmajor capital projects funds are described below:

**Georgia Building Authority (Hospital)** accounts for the acquisition, construction, repair, maintenance, improvement, operation and management of self-liquidating projects on property owned by the authority. These projects include hospitals, health care facilities, dormitories and housing accommodations for patients, officers and employees of institutions controlled by state agencies.

**Georgia Building Authority (Markets)** accounts for the construction and renovation of farmers markets and related facilities.

**Georgia Building Authority (Penal)** accounts for the acquisition, construction, repair, maintenance, improvement, operation and management of buildings, facilities, equipment and services for the State penal system.

**Georgia Education Authority (University)** accounts for the construction and improvement of buildings and facilities of institutions under the authority of the Board of Regents of the University System of Georgia.

### DEBT SERVICE FUND

The Debt Service Fund accounts for the payment of principal and interest on the State's general long-term debt.

### PERMANENT FUND

The Permanent Fund is used to account for report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the State or its citizenry. The State's nonmajor permanent fund is described below:

The **Pupils Trust Fund - Georgia Academy for the Blind** is used to account for principal trust amounts received and related interest income. The interest portion of the trust may be used for student activities at Georgia Academy for the Blind.

**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2003**

	<u>Debt Service</u>	<u>Georgia Building Authority (Hospital)</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 115,081,862	\$ 3,114,888
Investments	—	728,300
Receivables (Net of Allowances for Uncollectibles)		
Other	<u>—</u>	<u>—</u>
 Total Assets	 <u>\$ 115,081,862</u>	 <u>\$ 3,843,188</u>
 <b>Fund Balances</b>		
Reserved for Debt Service	\$ 115,081,862	\$ —
Reserved for Other Specific Purposes	—	—
Unreserved, Undesignated	<u>—</u>	<u>3,843,188</u>
 Total Fund Balances	 <u>\$ 115,081,862</u>	 <u>\$ 3,843,188</u>

Capital Projects				
Georgia Building Authority (Markets)	Georgia Building Authority (Penal)	Georgia Education Authority (University)	Permanent Fund	Total
\$ 229,072	\$ 1,479,057	\$ 2,243,183	\$ 13,500	\$ 122,161,562
53,472	345,814	523,868	—	1,651,454
—	—	237,159	—	237,159
<u>\$ 282,544</u>	<u>\$ 1,824,871</u>	<u>\$ 3,004,210</u>	<u>\$ 13,500</u>	<u>\$ 124,050,175</u>
\$ —	\$ —	\$ —	\$ —	\$ 115,081,862
—	1,602,745	—	13,500	1,616,245
<u>282,544</u>	<u>222,126</u>	<u>3,004,210</u>	<u>—</u>	<u>7,352,068</u>
<u>\$ 282,544</u>	<u>\$ 1,824,871</u>	<u>\$ 3,004,210</u>	<u>\$ 13,500</u>	<u>\$ 124,050,175</u>

Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2003

	Debt Service	Georgia Building Authority (Hospital)
Revenues:		
Interest and Other Investment Income	\$ —	\$ 55,774
Rents and Royalties	—	—
Total Revenues	\$ 0	\$ 55,774
Expenditures:		
General Government	\$ —	\$ 4,294
Education	—	—
Capital Outlay	—	—
Debt Service		
Principal	510,945,000	—
Interest	344,613,189	—
Accrued Interest on Bonds Retired in Advance	422,285	—
Discount on Bonds Retired in Advance	(12,101,415)	—
Total Expenditures	\$ 843,879,059	\$ 4,294
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (843,879,059)	\$ 51,480
Other Financing Sources:		
Operating Transfers In	\$ 730,507,171	\$ —
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ (113,371,888)	\$ 51,480
Fund Balances, July 1	228,453,750	3,791,708
Fund Balances, June 30	\$ 115,081,862	\$ 3,843,188

Capital Projects				
Georgia Building Authority (Markets)	Georgia Building Authority (Penal)	Georgia Education Authority (University)	Permanent Fund	Total
\$ 4,105	\$ 26,499	\$ 183,250	\$ 657	\$ 270,285
—	—	61,402	—	61,402
\$ 4,105	\$ 26,499	\$ 244,652	\$ 657	\$ 331,687
\$ 1,785	\$ 4,373	\$ 648	\$ —	\$ 11,100
—	—	—	657	657
—	—	387,253	—	387,253
—	—	61,402	—	511,006,402
—	—	143,918	—	344,757,107
—	—	—	—	422,285
—	—	—	—	(12,101,415)
\$ 1,785	\$ 4,373	\$ 593,221	\$ 657	\$ 844,483,389
\$ 2,320	\$ 22,126	\$ (348,569)	\$ 0	\$ (844,151,702)
\$ —	\$ —	\$ 389,682	\$ —	\$ 730,896,853
\$ 2,320	\$ 22,126	\$ 41,113	\$ 0	\$ (113,254,849)
280,224	1,802,745	2,963,097	13,500	237,305,024
\$ 282,544	\$ 1,824,871	\$ 3,004,210	\$ 13,500	\$ 124,050,175

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## INTERNAL SERVICE FUNDS

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**Internal Service Funds** are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis. The State's internal service funds are described below:

The **Department of Administrative Services** delivers a variety of supportive services to all state agencies and, upon request, to local governments in Georgia. Among the services provided are purchasing, surplus property, printing, motor pool and building space management.

The **Georgia Building Authority** is primarily responsible for constructing and maintaining State office buildings, maintaining the grounds within the State Capitol complex, maintaining the Governor's Mansion and operating parking facilities.

The **Correctional Industries Administration** utilizes the inmate work force to manufacture products and provide services for the penal system, other units of state government and local governments.

The **Merit System of Personnel Administration** provides a career service to the classified employees in the executive branch based on the principles of merit, equal opportunity and freedom from political influence.

The **Agency for Removal of Hazardous Materials** administers a program for the abatement and removal of asbestos and other hazardous materials from the premises of the State, state authorities, counties, municipal corporations, local and independent school systems, and other units and authorities of government.

The **Risk Management** column is an accumulation of the funds used to account for self-insurance programs established by individual agreement, statute or administrative action:

The **Georgia State Indemnification Commission** is used to account for the accumulation of funds for the purpose of providing indemnification with respect to the death of any law enforcement officer, fireman or prison guard killed in the line of duty.

The **Property Insurance Fund** is used to account for the assessment of premiums against various state agencies for the purpose of providing property, fire and extended coverage, automobile, aircraft and marina insurance.

The **Liability Self-Insurance Reserve Fund** is used to account for the accumulation of funds for the purpose of providing liability insurance coverage for employees of the State against personal liability for damages arising out of performance of their duties.

The **State Employees' Assurance Department** is used to account for the accumulation of funds for the purpose of providing survivors' benefits for eligible members of the Employees' Retirement System.

The **Supplemental Pay Fund** was created to provide a program of compensation for law enforcement officers who become physically disabled, but not permanently disabled, as a result of physical injury incurred in the line of duty and caused by a willful act of violence and for firefighters who become physically disabled, but not permanently disabled, as a result of physical injury incurred in the line of duty while fighting a fire. This program, not to exceed a 12 month period, shall entitle an injured law enforcement officer or firefighter to receive monthly compensation in an amount equal to such person's regular compensation for the period of time that the person is physically unable to perform the required duties of employment.

## Internal Service Funds

The **Teacher Indemnification Fund** is used to account for the accumulation of funds for the purpose of providing indemnification with respect to the death of any public school employees killed or permanently disabled by an act of violence in the line of duty on or after July 1, 2001.

The **Unemployment Compensation Fund** was created for the purpose of consolidating processing of unemployment compensation claims against state agencies and the payment of sums due to the Department of Labor.

The **Workers' Compensation Fund** was established to authorize insurance coverage for employees of the State and for the receipt of premiums as prescribed by the Workers' Compensation statutes of the State.

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## Combining Statement of Net Assets Internal Service Funds June 30, 2003

	Administrative Services, Department of	Building Authority, Georgia	Correctional Industries Administration	Merit System of Personnel Administration
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 3,513,587	\$ 12,508,846	\$ 15,223,247	\$ 994,753
Investments	352,217	2,912,637	3,050,912	—
Accounts Receivable (Net of Allowances for Uncollectibles)	312,134	2,251,869	2,594,860	1,459,170
Due from Other Funds	209,242	288,468	—	—
Inventories	127,504	286,888	7,543,568	—
Prepaid Items	141,742	—	13,815	—
<b>Noncurrent Assets:</b>				
Investments	1,036,889	—	—	—
<b>Capital Assets:</b>				
Land	—	23,310,832	44,432	—
Buildings and Building Improvements	9,399,603	288,409,100	10,657,779	—
Improvements Other Than Buildings	—	4,954,083	—	—
Machinery and Equipment	4,524,123	3,494,021	16,657,013	898,911
Works of Art and Collections	—	1,239,575	—	—
Accumulated Depreciation	(187,813)	(108,899,526)	(16,124,001)	(805,926)
<b>Total Assets</b>	<b>\$ 19,429,228</b>	<b>\$ 230,756,793</b>	<b>\$ 39,661,625</b>	<b>\$ 2,546,908</b>
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts Payable and Other Accruals	\$ 572,573	\$ 2,075,937	\$ 274,336	\$ 283,467
Due to Other Funds	77,345	90,576	—	—
Salaries/Withholdings Payable	795	10,657	143,937	235
Contracts Payable	—	27,240	—	—
Deferred Revenue	1,042,016	137,634	1,050,280	1,250
Customer Deposits	—	500,234	—	—
Claims and Judgments Payable	—	—	—	—
Compensated Absences Payable - Current	703,961	1,362,679	329,113	356,023
Capital Leases/Installment Purchases Payable	13,170	—	—	—
<b>Noncurrent Liabilities:</b>				
Compensated Absences Payable	724,227	—	426,077	329,582
Capital Leases/Installment Purchases Payable	1,149	—	—	—
<b>Total Liabilities</b>	<b>\$ 3,135,236</b>	<b>\$ 4,204,957</b>	<b>\$ 2,223,743</b>	<b>\$ 970,557</b>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	\$ 13,721,594	\$ 212,508,085	\$ 11,235,223	\$ 92,985
<b>Restricted for:</b>				
Surplus Property Working Capital	2,007,863	—	—	—
Unrestricted	564,535	14,043,751	26,202,659	1,483,366
<b>Total Net Assets</b>	<b>\$ 16,293,992</b>	<b>\$ 226,551,836</b>	<b>\$ 37,437,882</b>	<b>\$ 1,576,351</b>

Removal of Hazardous Materials, Agency for	Risk Management	Total Before Eliminations	Eliminations	Total
\$ 305,822	\$ 128,354,119	\$ 160,900,374	\$ —	\$ 160,900,374
—	54,655,266	60,971,032	—	60,971,032
1,885	368,630	6,988,548	—	6,988,548
—	3,872,345	4,370,055	(575,055)	3,795,000
3,540	—	7,961,500	—	7,961,500
—	—	155,557	—	155,557
—	1,081,454,973	1,082,491,862	—	1,082,491,862
—	—	23,355,264	—	23,355,264
—	—	308,466,482	—	308,466,482
—	—	4,954,083	—	4,954,083
586,264	—	26,160,332	—	26,160,332
—	—	1,239,575	—	1,239,575
(572,744)	—	(126,590,010)	—	(126,590,010)
\$ 324,767	\$ 1,268,705,333	\$ 1,561,424,654	\$ (575,055)	\$ 1,560,849,599
\$ 6,871	\$ 387,923	\$ 3,601,107	\$ —	\$ 3,601,107
288,468	209,242	665,631	(575,055)	90,576
—	—	155,624	—	155,624
—	—	27,240	—	27,240
—	—	2,231,180	—	2,231,180
—	—	500,234	—	500,234
—	356,918,338	356,918,338	—	356,918,338
—	—	2,751,776	—	2,751,776
—	—	13,170	—	13,170
—	—	1,479,886	—	1,479,886
—	—	1,149	—	1,149
\$ 295,339	\$ 357,515,503	\$ 368,345,335	\$ (575,055)	\$ 367,770,280
\$ 13,520	\$ —	\$ 237,571,407	\$ —	\$ 237,571,407
—	—	2,007,863	—	2,007,863
15,908	911,189,830	953,500,049	—	953,500,049
\$ 29,428	\$ 911,189,830	\$ 1,193,079,319	\$ 0	\$ 1,193,079,319

**Combining Statement of Net Assets**  
**Internal Service Funds**  
**Risk Management**  
**June 30, 2003**

	Liability Insurance Fund	Property Insurance Fund	State Employees' Assurance Department
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 64,483,090	\$ 4,295,448	\$ 4,000
Investments	21,955,695	1,462,547	10,953,637
Receivables (Net of Allowances for Uncollectibles)			
Interest and Dividends	1,182	—	—
Other			
Miscellaneous	23,793	29,702	—
Due From Other Funds	77,345	—	3,795,000
Noncurrent Assets:			
Investments	<u>157,440,383</u>	<u>10,487,664</u>	<u>768,078,363</u>
Total Assets	\$ <u>243,981,488</u>	\$ <u>16,275,361</u>	\$ <u>782,831,000</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable and Other Accruals	\$ —	\$ —	\$ 40,000
Claims and Judgments Payable	139,752,000	5,733,407	—
Due to Other Funds	<u>91,964</u>	<u>19,431</u>	<u>—</u>
Total Liabilities	\$ <u>139,843,964</u>	\$ <u>5,752,838</u>	\$ <u>40,000</u>
<b>Net Assets</b>			
Unrestricted	\$ <u><u>104,137,524</u></u>	\$ <u><u>10,522,523</u></u>	\$ <u><u>782,791,000</u></u>

<u>State Indemnification Fund</u>	<u>Supplemental Pay Fund</u>	<u>Teacher Indemnification Fund</u>	<u>Unemployment Compensation Fund</u>	<u>Workers' Compensation Fund</u>	<u>Total</u>
\$ 240,799	\$ 1,520,449	\$ 114,903	\$ 601,145	\$ 57,094,285	\$ 128,354,119
81,989	517,694	39,124	204,682	19,439,898	54,655,266
—	—	—	—	—	1,182
—	—	—	—	313,953	367,448
—	—	—	—	—	3,872,345
<u>587,930</u>	<u>3,712,293</u>	<u>280,546</u>	<u>1,467,740</u>	<u>139,400,054</u>	<u>1,081,454,973</u>
\$ <u>910,718</u>	\$ <u>5,750,436</u>	\$ <u>434,573</u>	\$ <u>2,273,567</u>	\$ <u>216,248,190</u>	\$ <u>1,268,705,333</u>
\$ —	\$ —	\$ —	\$ —	\$ 347,923	\$ 387,923
733,931	—	—	3,663,000	207,036,000	356,918,338
—	—	—	—	97,847	209,242
\$ <u>733,931</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>3,663,000</u>	\$ <u>207,481,770</u>	\$ <u>357,515,503</u>
\$ <u>176,787</u>	\$ <u>5,750,436</u>	\$ <u>434,573</u>	\$ <u>(1,389,433)</u>	\$ <u>8,766,420</u>	\$ <u>911,189,830</u>



**Combining Statement of Revenues, Expenses, and  
Changes in Fund Net Assets  
Internal Service Funds  
For the Fiscal Year Ended June 30, 2003**

	Administrative Services, Department of	Building Authority, Georgia	Correctional Industries Administration
Operating Revenues:			
Contributions/Premiums	\$ —	\$ —	\$ —
Rents and Royalties	—	38,936,778	—
Sales and Services	11,106,070	8,816,408	33,716,640
Other	639,238	1,151,567	—
Total Operating Revenues	\$ 11,745,308	\$ 48,904,753	\$ 33,716,640
Operating Expenses:			
Personal Services	\$ 13,429,209	\$ 15,943,080	\$ 8,002,050
Services and Supplies	7,936,208	34,533,406	19,581,581
Benefits	—	—	—
Claims and Judgments	—	—	—
Depreciation	588,214	9,307,607	1,974,040
Total Operating Expenses	\$ 21,953,631	\$ 59,784,093	\$ 29,557,671
Operating Income (Loss)	\$ (10,208,323)	\$ (10,879,340)	\$ 4,158,969
Nonoperating Revenues (Expenses):			
Interest and Other Investment Income	\$ 19,508	\$ 236,863	\$ 239,076
Interest Expense	(1,792)	—	—
Other	(1,644,831)	(743,727)	138,055
Total Nonoperating Revenues (Expenses)	\$ (1,627,115)	\$ (506,864)	\$ 377,131
Income (Loss) Before Contributions, Transfers and Special Item	\$ (11,835,438)	\$ (11,386,204)	\$ 4,536,100
Capital Contributions	\$ 3,757,069	\$ 2,998,054	\$ —
Special Item - Loss on Inventory Obsolescence	\$ —	\$ —	\$ (906,725)
Transfers:			
Transfers In	\$ 36,424,238	\$ 3,688,048	\$ —
Transfers Out	(30,138,347)	—	—
Net Transfers	\$ 6,285,891	\$ 3,688,048	\$ 0
Change in Net Assets	\$ (1,792,478)	\$ (4,700,102)	\$ 3,629,375
Net Assets, July 1	18,921,963	231,251,938	33,808,507
Adjustments	(835,493)	—	—
Net Assets, June 30	\$ 16,293,992	\$ 226,551,836	\$ 37,437,882

Merit System of Personnel Administration	Removal of Hazardous Materials, Agency for	Risk Management	Total Before Eliminations	Eliminations	Total
\$ —	\$ —	\$ 125,875,220	\$ 125,875,220	\$ —	\$ 125,875,220
7,190	—	—	38,943,968	—	38,943,968
15,444,961	80,878	—	69,164,957	—	69,164,957
—	—	8	1,790,813	—	1,790,813
<u>\$ 15,452,151</u>	<u>\$ 80,878</u>	<u>\$ 125,875,228</u>	<u>\$ 235,774,958</u>	<u>\$ 0</u>	<u>\$ 235,774,958</u>
\$ 8,628,443	\$ —	\$ —	\$ 46,002,782	\$ —	\$ 46,002,782
4,110,893	460,233	27,419,505	94,041,826	—	94,041,826
—	—	18,924,000	18,924,000	—	18,924,000
—	—	104,952,614	104,952,614	—	104,952,614
180,762	9,242	—	12,059,865	—	12,059,865
<u>\$ 12,920,098</u>	<u>\$ 469,475</u>	<u>\$ 151,296,119</u>	<u>\$ 275,981,087</u>	<u>\$ 0</u>	<u>\$ 275,981,087</u>
<u>\$ 2,532,053</u>	<u>\$ (388,597)</u>	<u>\$ (25,420,891)</u>	<u>\$ (40,206,129)</u>	<u>\$ 0</u>	<u>\$ (40,206,129)</u>
\$ 14	\$ —	\$ 68,677,259	\$ 69,172,720	\$ —	\$ 69,172,720
—	—	—	(1,792)	—	(1,792)
38,725	—	—	(2,211,778)	—	(2,211,778)
<u>\$ 38,739</u>	<u>\$ 0</u>	<u>\$ 68,677,259</u>	<u>\$ 66,959,150</u>	<u>\$ 0</u>	<u>\$ 66,959,150</u>
<u>\$ 2,570,792</u>	<u>\$ (388,597)</u>	<u>\$ 43,256,368</u>	<u>\$ 26,753,021</u>	<u>\$ 0</u>	<u>\$ 26,753,021</u>
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,755,123</u>	<u>\$ —</u>	<u>\$ 6,755,123</u>
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (906,725)</u>	<u>\$ —</u>	<u>\$ (906,725)</u>
\$ —	\$ 95,000	\$ 267,778	\$ 40,475,064	\$ (4,050,826)	\$ 36,424,238
(3,001,699)	—	—	(33,140,046)	4,050,826	(29,089,220)
<u>\$ (3,001,699)</u>	<u>\$ 95,000</u>	<u>\$ 267,778</u>	<u>\$ 7,335,018</u>	<u>\$ 0</u>	<u>\$ 7,335,018</u>
\$ (430,907)	\$ (293,597)	\$ 43,524,146	\$ 39,936,437	\$ 0	\$ 39,936,437
2,007,258	698,603	867,665,684	1,154,353,953	0	1,154,353,953
—	(375,578)	—	(1,211,071)	—	(1,211,071)
<u>\$ 1,576,351</u>	<u>\$ 29,428</u>	<u>\$ 911,189,830</u>	<u>\$ 1,193,079,319</u>	<u>\$ 0</u>	<u>\$ 1,193,079,319</u>

**Combining Statement of Revenues, Expenses, and  
Changes in Fund Net Assets  
Internal Service Funds  
Risk Management  
For the Fiscal Year Ended June 30, 2003**

	Liability Insurance Fund	Property Insurance Fund	State Employees' Assurance Department
Operating Revenues:			
Contributions/Premiums	\$ 8,139,884	\$ 11,802,066	\$ 14,847,000
Other	—	—	—
Total Operating Revenues	\$ 8,139,884	\$ 11,802,066	\$ 14,847,000
Operating Expenses:			
Services and Supplies	\$ 5,497,951	\$ 8,863,197	\$ 806,748
Benefits	—	—	18,924,000
Claims and Judgments	41,206,243	4,023,612	—
Total Operating Expenses	\$ 46,704,194	\$ 12,886,809	\$ 19,730,748
Operating Income (Loss)	\$ (38,564,310)	\$ (1,084,743)	\$ (4,883,748)
Nonoperating Revenues (Expenses):			
Interest and Other Investment Income	17,816,335	1,102,706	33,620,748
Income (Loss) Before Transfers	\$ (20,747,975)	\$ 17,963	\$ 28,737,000
Operating Transfers:			
Transfers In	—	—	—
Change in Net Assets	\$ (20,747,975)	\$ 17,963	\$ 28,737,000
Net Assets, July 1	124,885,499	10,504,560	754,054,000
Net Assets, June 30	\$ 104,137,524	\$ 10,522,523	\$ 782,791,000

State Indemnification Fund	Supplemental Pay Fund	Teacher Indemnification Fund	Unemployment Compensation Fund	Workers' Compensation Fund	Total
\$ —	\$ —	\$ 184,494	\$ 3,167,545	\$ 87,734,231	\$ 125,875,220
—	—	—	—	8	8
\$ 0	\$ 0	\$ 184,494	\$ 3,167,545	\$ 87,734,239	\$ 125,875,228
\$ 1,629	\$ 17,457	\$ 481	\$ 6,749	\$ 12,225,293	\$ 27,419,505
—	—	—	—	—	18,924,000
693,379	75	—	6,372,453	52,656,852	104,952,614
\$ 695,008	\$ 17,532	\$ 481	\$ 6,379,202	\$ 64,882,145	\$ 151,296,119
\$ (695,008)	\$ (17,532)	\$ 184,013	\$ (3,211,657)	\$ 22,852,094	\$ (25,420,891)
80,043	395,093	27,121	317,437	15,317,776	68,677,259
\$ (614,965)	\$ 377,561	\$ 211,134	\$ (2,894,220)	\$ 38,169,870	\$ 43,256,368
267,778	—	—	—	—	267,778
\$ (347,187)	\$ 377,561	\$ 211,134	\$ (2,894,220)	\$ 38,169,870	\$ 43,524,146
523,974	5,372,875	223,439	1,504,787	(29,403,450)	867,665,684
\$ 176,787	\$ 5,750,436	\$ 434,573	\$ (1,389,433)	\$ 8,766,420	\$ 911,189,830

**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2003**

	Administrative Services, Department of	Building Authority, Georgia
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Customers	\$ 16,497,041	\$ 48,822,918
Cash Received from Required Contributions/Premiums	—	—
Cash Paid to Vendors	(7,492,354)	(34,086,737)
Cash Paid to Employees	(13,379,656)	(16,052,000)
Cash Paid for Benefits	—	—
Cash Paid for Claims and Judgments	—	—
Other Operating Items (Net)	—	—
	<u>                    </u>	<u>                    </u>
Net Cash Provided by (Used in) Operating Activities	\$ (4,374,969)	\$ (1,315,819)
<b>Cash Flows from Noncapital Financing Activities:</b>		
Transfers from Other Funds	\$ 36,424,238	\$ 3,688,048
Transfers to Other Funds	(30,138,347)	—
Other Noncapital Items (Net)	—	—
	<u>                    </u>	<u>                    </u>
Net Cash Provided by (Used in) Noncapital Financing Activities	\$ 6,285,891	\$ 3,688,048
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Capital Contributions	\$ —	\$ 2,998,054
Proceeds from Sale of Capital Assets	—	60,618
Acquisition and Construction of Capital Assets	(1,030,682)	(2,747,577)
Interest Paid on Capital Debt	(1,792)	—
	<u>                    </u>	<u>                    </u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	\$ (1,032,474)	\$ 311,095
<b>Cash Flows from Investing Activities:</b>		
Purchase of Investments (Net)	\$ (1,196,873)	\$ 2,190,699
Interest and Dividends Received	5,771	236,863
	<u>                    </u>	<u>                    </u>
Net Cash Provided by (Used in) Investing Activities	\$ (1,191,102)	\$ 2,427,562
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (312,654)	\$ 5,110,886
Cash and Cash Equivalents, July 1	<u>3,826,241</u>	<u>7,397,960</u>
Cash and Cash Equivalents, June 30	<u>\$ 3,513,587</u>	<u>\$ 12,508,846</u>

<u>Correctional Industries Administration</u>	<u>Merit System of Personnel Administration</u>	<u>Removal of Hazardous Materials, Agency for</u>	<u>Risk Management</u>	<u>Total</u>
\$ 33,287,252	\$ 16,101,559	\$ 143,150	\$ —	\$ 114,851,920
—	—	—	123,214,621	123,214,621
(19,307,607)	(5,514,935)	(412,045)	(28,224,966)	(95,038,644)
(7,849,254)	(8,684,969)	—	—	(45,965,879)
—	—	—	(18,924,000)	(18,924,000)
—	—	—	(101,068,531)	(101,068,531)
—	—	—	8	8
<u>\$ 6,130,391</u>	<u>\$ 1,901,655</u>	<u>\$ (268,895)</u>	<u>\$ (25,002,868)</u>	<u>\$ (22,930,505)</u>
\$ —	\$ —	\$ 95,000	\$ 267,778	\$ 40,475,064
—	(3,001,699)	—	—	(33,140,046)
147,413	—	—	—	147,413
<u>\$ 147,413</u>	<u>\$ (3,001,699)</u>	<u>\$ 95,000</u>	<u>\$ 267,778</u>	<u>\$ 7,482,431</u>
\$ —	\$ —	\$ —	\$ —	\$ 2,998,054
—	—	—	—	60,618
(2,960,184)	(89,732)	(16,900)	—	(6,845,075)
—	—	—	—	(1,792)
<u>\$ (2,960,184)</u>	<u>\$ (89,732)</u>	<u>\$ (16,900)</u>	<u>\$ 0</u>	<u>\$ (3,788,195)</u>
\$ 3,344,125	\$ —	\$ —	\$ 35,853,611	\$ 40,191,562
239,076	14	—	56,153,219	56,634,943
<u>\$ 3,583,201</u>	<u>\$ 14</u>	<u>\$ 0</u>	<u>\$ 92,006,830</u>	<u>\$ 96,826,505</u>
\$ 6,900,821	\$ (1,189,762)	\$ (190,795)	\$ 67,271,740	\$ 77,590,236
8,322,426	2,184,515	496,617	61,082,379	83,310,138
<u>\$ 15,223,247</u>	<u>\$ 994,753</u>	<u>\$ 305,822</u>	<u>\$ 128,354,119</u>	<u>\$ 160,900,374</u>
(continued)				

**Combining Statement of Cash Flows**  
**Internal Service Funds (continued)**  
**For the Fiscal Year Ended June 30, 2003**

	Administrative Services, Department of	Building Authority, Georgia
Operating Income (Loss)	\$ (10,208,323)	\$ (10,879,340)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Depreciation Expense	\$ 588,214	\$ 9,307,607
Changes in Assets and Liabilities:		
Decrease (Increase) in Accounts Receivable	2,881,986	(330,997)
Decrease (Increase) in Due from Other Funds	827,731	524,777
Decrease (Increase) in Inventories	(9,990)	57,922
Decrease (Increase) in Prepaid Items	(2,502)	88,849
Increase (Decrease) in Accounts Payable and Other Accruals	446,591	245,063
Increase (Decrease) in Due to Other Funds	7,253	77,158
Increase (Decrease) in Salaries/Withholdings Payable	(8,998)	654
Increase in Claims and Judgments Payable	—	—
Decrease in Contracts Payable	—	(22,323)
Increase (Decrease) in Deferred Revenue	1,042,016	(11,191)
Decrease in Customer Deposits	—	(264,424)
Increase (Decrease) in Compensated Absences Payable	61,053	(109,574)
Total Adjustments	\$ 5,833,354	\$ 9,563,521
Net Cash Provided by (Used in) Operating Activities	\$ (4,374,969)	\$ (1,315,819)
Noncash Investing, Capital, and Financing Activities:		
Net Increase in Fair Value of Investments	\$ 13,737	\$ —

<u>Correctional Industries Administration</u>	<u>Merit System of Personnel Administration</u>	<u>Removal of Hazardous Materials, Agency for</u>	<u>Risk Management</u>	<u>Total</u>
\$ <u>4,158,969</u>	\$ <u>2,532,053</u>	\$ <u>(388,597)</u>	\$ <u>(25,420,891)</u>	\$ <u>(40,206,129)</u>
\$ 1,974,040	\$ 180,762	\$ 9,242	\$ —	\$ 12,059,865
(680,398)	624,624	1	(366,605)	2,128,611
—	26,534	62,272	(2,293,974)	(852,660)
391,377	—	13,825	—	453,134
49,379	—	—	—	135,726
(163,294)	(1,397,458)	(254,106)	22,250	(1,100,954)
(3,488)	(6,584)	288,468	(827,731)	(464,924)
143,658	—	—	—	135,314
—	—	—	3,884,083	3,884,083
—	—	—	—	(22,323)
251,010	(1,750)	—	—	1,280,085
—	—	—	—	(264,424)
<u>9,138</u>	<u>(56,526)</u>	<u>—</u>	<u>—</u>	<u>(95,909)</u>
\$ <u>1,971,422</u>	\$ <u>(630,398)</u>	\$ <u>119,702</u>	\$ <u>418,023</u>	\$ <u>17,275,624</u>
\$ <u>6,130,391</u>	\$ <u>1,901,655</u>	\$ <u>(268,895)</u>	\$ <u>(25,002,868)</u>	\$ <u>(22,930,505)</u>
\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>12,549,752</u>	\$ <u>12,563,489</u>



**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**Risk Management**  
**For the Fiscal Year Ended June 30, 2003**

	Liability Insurance Fund	Property Insurance Fund	State Employees' Assurance Department
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Required Contributions/Premiums	\$ 8,204,071	\$ 11,774,153	\$ 12,175,000
Cash Paid to Vendors	(5,764,136)	(8,880,705)	(766,748)
Cash Paid for Benefits	—	—	(18,924,000)
Cash Paid for Claims and Judgments	(38,236,243)	(5,863,020)	—
Other Operating Items (Net)	—	—	—
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ (35,796,308)</b>	<b>\$ (2,969,572)</b>	<b>\$ (7,515,748)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Operating Transfers In	\$ —	\$ —	\$ —
<b>Cash Flows from Investing Activities:</b>			
Purchase of Investments (Net)	\$ 47,253,096	\$ 3,721,786	\$ (12,333,646)
Interest on Investments	18,840,752	1,178,423	19,817,394
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>\$ 66,093,848</b>	<b>\$ 4,900,209</b>	<b>\$ 7,483,748</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 30,297,540</b>	<b>\$ 1,930,637</b>	<b>\$ (32,000)</b>
<b>Cash and Cash Equivalents, July 1</b>	<b>34,185,550</b>	<b>2,364,811</b>	<b>36,000</b>
<b>Cash and Cash Equivalents, June 30</b>	<b>\$ 64,483,090</b>	<b>\$ 4,295,448</b>	<b>\$ 4,000</b>
<b>Operating Income (Loss)</b>	<b>\$ (38,564,310)</b>	<b>\$ (1,084,743)</b>	<b>\$ (4,883,748)</b>
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>			
<b>Changes in Assets and Liabilities:</b>			
Decrease (Increase) in Other Receivables	\$ (22,982)	\$ (29,690)	\$ —
Decrease (Increase) in Due from Other Funds	87,169	1,777	(2,672,000)
Increase (Decrease) in Accounts Payable and Other Accruals	—	—	40,000
Increase (Decrease) in Claims and Judgments Payable	2,970,000	(1,839,408)	—
Decrease in Due to Other Funds	(266,185)	(17,508)	—
<b>Total Adjustments</b>	<b>\$ 2,768,002</b>	<b>\$ (1,884,829)</b>	<b>\$ (2,632,000)</b>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ (35,796,308)</b>	<b>\$ (2,969,572)</b>	<b>\$ (7,515,748)</b>
<b>Noncash Investing Activities:</b>			
Net Increase (Decrease) in Fair Value of Investments	\$ (998,705)	\$ (75,717)	\$ 13,803,354

State Indemnification Fund	Supplemental Pay Fund	Teacher Indemnification Fund	Unemployment Compensation Fund	Workers' Compensation Fund	Total
\$ —	\$ —	\$ 184,494	\$ 3,183,385	\$ 87,693,518	\$ 123,214,621
(1,609)	(17,457)	(481)	(6,749)	(12,787,081)	(28,224,966)
—	—	—	—	—	(18,924,000)
(493,888)	(75)	—	(5,874,453)	(50,600,852)	(101,068,531)
—	—	—	—	8	8
<u>\$ (495,497)</u>	<u>\$ (17,532)</u>	<u>\$ 184,013</u>	<u>\$ (2,697,817)</u>	<u>\$ 24,305,593</u>	<u>\$ (25,002,868)</u>
<u>\$ 267,778</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 267,778</u>
\$ 245,455	\$ 428,818	\$ (123,853)	\$ 2,334,267	\$ (5,672,312)	\$ 35,853,611
<u>84,877</u>	<u>407,669</u>	<u>25,570</u>	<u>357,065</u>	<u>15,441,469</u>	<u>56,153,219</u>
<u>\$ 330,332</u>	<u>\$ 836,487</u>	<u>\$ (98,283)</u>	<u>\$ 2,691,332</u>	<u>\$ 9,769,157</u>	<u>\$ 92,006,830</u>
\$ 102,613	\$ 818,955	\$ 85,730	\$ (6,485)	\$ 34,074,750	\$ 67,271,740
<u>\$ 138,186</u>	<u>\$ 701,494</u>	<u>\$ 29,173</u>	<u>\$ 607,630</u>	<u>\$ 23,019,535</u>	<u>\$ 61,082,379</u>
<u>\$ 240,799</u>	<u>\$ 1,520,449</u>	<u>\$ 114,903</u>	<u>\$ 601,145</u>	<u>\$ 57,094,285</u>	<u>\$ 128,354,119</u>
<u>\$ (695,008)</u>	<u>\$ (17,532)</u>	<u>\$ 184,013</u>	<u>\$ (3,211,657)</u>	<u>\$ 22,852,094</u>	<u>\$ (25,420,891)</u>
\$ 20	\$ —	\$ —	\$ —	\$ (313,953)	\$ (366,605)
—	—	—	15,840	273,240	(2,293,974)
—	—	—	—	(17,750)	22,250
199,491	—	—	498,000	2,056,000	3,884,083
—	—	—	—	(544,038)	(827,731)
<u>\$ 199,511</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 513,840</u>	<u>\$ 1,453,499</u>	<u>\$ 418,023</u>
<u>\$ (495,497)</u>	<u>\$ (17,532)</u>	<u>\$ 184,013</u>	<u>\$ (2,697,817)</u>	<u>\$ 24,305,593</u>	<u>\$ (25,002,868)</u>
<u>\$ (4,834)</u>	<u>\$ (12,576)</u>	<u>\$ 1,551</u>	<u>\$ (39,628)</u>	<u>\$ (123,693)</u>	<u>\$ 12,549,752</u>

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## FIDUCIARY FUNDS

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Fiduciary funds are used to account for assets held by the State of Georgia in a fiduciary capacity. The State has the following fiduciary funds.

### **PENSION TRUST FUNDS**

Pension Trust Funds are used to account for activities of the public employee retirement systems. The State's pension trust funds are described below:

The **Class Nine Fire Department Pension Fund** is used to account for the accumulation of resources for the purpose of paying retirement and death benefits to volunteer firefighters of the State of Georgia.

The **Defined Contribution Plan** is used to account for the accumulation of resources for the purpose of providing retirement allowances for State employees who are not members of a public retirement or pension system.

The **District Attorneys Retirement Fund** (old plan) is used to account for the accumulation of resources for the purpose of paying retirement benefits to the district attorneys of the State of Georgia.

The **Employees' Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for qualified employees of the State of Georgia and its political subdivisions.

The **Firefighter's Pension Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the firemen of the State of Georgia.

The **Georgia Judicial Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for trial judges and solicitors of certain courts in Georgia, and their survivors and beneficiaries, superior court judges of the State of Georgia, and district attorneys of the State of Georgia.

The **Georgia Military Pension Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to members of the Georgia National Guard.

The **Judges of the Probate Courts Retirement Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the judges of the Probate Courts of the State of Georgia.

The **Legislative Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for all members of the General Assembly.

The **Peace Officers' Annuity and Benefit Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the peace officers of the State of Georgia.

The **Public School Employees Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the Teachers Retirement System.

The **Sheriffs' Retirement Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the sheriffs of the State of Georgia.

The **Superior Court Clerks' Retirement Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the Superior Court Clerks of the State of Georgia.

The **Superior Court Judges Retirement Fund** (old plan) is used to account for the accumulation of resources for the purpose of paying retirement benefits to the superior court judges of the State of Georgia.

The **Teachers Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances and other benefits for teachers and administrative personnel employed in the public schools and the University System of Georgia.

### INVESTMENT TRUST FUNDS

Investment Trust Funds are used to account for the external portion of a government sponsored investment pool. The State's investment trust funds are described below:

The **Georgia Extended Asset Pool** is responsible for providing prudent management of public funds on behalf of the State of Georgia and local governments seeking income higher than money market rates.

The **Georgia Fund 1** is a combination local and state government investment pool with primary objectives specific to safety of capital, investment income, liquidity and diversification while maintaining principal. This fund was established to enable local governments to voluntarily invest any idle local monies.

### PRIVATE PURPOSE TRUST FUNDS

Private Purpose Trust Funds are used to report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. The State's private purpose trust funds are described below:

The **Auctioneers Recovery Fund** provides for actual or compensatory damages in instances where a person is aggrieved by an act, representation, transaction, or conduct of a person licensed under OCGA 43-6 (duly licensed auctioneer, apprentice auctioneer, or auction company) who is in violation of state law. Also, the fund is used to help underwrite the cost of developing courses, conducting seminars, conducting research projects on matters affecting auctioneers, publishing and distributing educational materials, or other education and research programs for the benefit of licensees and the public.

The **Keds Corporation Settlement Fund** is responsible for the direct delivery of services to women between fifteen and forty-four years of age with specific priority being given to job training in non-traditional employment fields.

The **Real Estate Recovery Fund** provides for actual or compensatory damages in instances where a person is aggrieved by an act, representation, transaction, or conduct of a duly licensed broker, associate broker or salesperson who is in violation of state law. Also, the fund is used to help underwrite the cost of developing courses, conducting seminars, conducting research projects on matters affecting real estate brokerage, publishing and distributing educational materials, or other education and research programs for the benefit of licensees and the public.

The **Subsequent Injury Trust Fund** is a special workers' compensation fund designed to encourage employers to hire workers with pre-existing impairments by insuring against the aggravating impact such impairment could have if the worker were subsequently injured on the job.

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## Combining Statement of Fiduciary Net Assets Pension Trust Funds June 30, 2003

	Class Nine Fire Department Pension Fund	Defined Contribution Plan	District Attorneys Retirement Fund	Employees' Retirement System	Firefighters' Pension Fund	Georgia Judicial Retirement System	Georgia Military Pension Fund
<b>Assets</b>							
Cash and Cash Equivalents	\$ 30,274	\$ 197,915	\$ 1,000	\$ 8,872,874	\$ 1,447,152	\$ 122,965	\$ 85,000
<b>Receivables</b>							
Interest and Dividends	—	41,000	—	45,356,000	1,404,818	—	—
Due from Brokers for Securities Sold	—	—	—	28,150,000	—	—	—
Other	—	798,076	—	11,246,288	—	89,488	—
<b>Investments</b>							
Investment Accounts	1,598,058	—	—	—	37,942,324	—	—
Pooled Investments	—	36,666,618	—	11,642,609,666	—	220,632,971	541,000
Mutual Funds	—	—	—	—	—	—	—
Repurchase Agreements	—	6,962,000	—	—	—	—	—
U. S. and Foreign Government Obligations	—	5,086,000	—	—	60,886,091	—	—
Corporate Bonds/Notes/Debentures	—	—	—	—	42,963,493	—	—
Common Stocks	—	—	—	—	296,523,117	—	—
Mortgage Investments	—	—	—	3,744,000	—	—	—
<b>Capital Assets</b>							
Land	—	—	—	—	128,656	—	—
Buildings	—	—	—	—	108,724	—	—
Software	—	—	—	—	—	—	—
Machinery and Equipment	—	—	—	83,000	104,690	—	—
Accumulated Depreciation	—	—	—	(41,000)	(182,651)	—	—
<b>Total Assets</b>	<b>\$ 1,628,332</b>	<b>\$ 49,751,609</b>	<b>\$ 1,000</b>	<b>\$ 11,740,020,828</b>	<b>\$ 441,326,414</b>	<b>\$ 220,845,424</b>	<b>\$ 626,000</b>
<b>Liabilities</b>							
Accounts Payable and Other Accruals	\$ —	\$ 3,000	\$ 1,000	\$ 11,326,759	\$ 84,010	\$ 125,000	\$ —
Due to Other Funds	—	—	—	3,801,768	—	134,000	—
Due to Brokers for Securities Purchased	—	—	—	27,152,000	—	—	—
Salaries/Withholdings Payable	—	—	—	35,934	—	—	—
Deferred Revenue	—	—	—	—	—	—	—
Compensated Absences Payable	—	—	—	—	8,734	—	—
Capital Leases Payable	—	—	—	—	—	—	—
<b>Total Liabilities</b>	<b>\$ 0</b>	<b>\$ 3,000</b>	<b>\$ 1,000</b>	<b>\$ 42,316,461</b>	<b>\$ 92,744</b>	<b>\$ 259,000</b>	<b>\$ 0</b>
<b>Net Assets</b>							
Held in Trust for Pension Benefits	<b>\$ 1,628,332</b>	<b>\$ 49,748,609</b>	<b>\$ 0</b>	<b>\$ 11,697,704,367</b>	<b>\$ 441,233,670</b>	<b>\$ 220,586,424</b>	<b>\$ 626,000</b>

Judges of the Probate Courts Retirement Fund	Legislative Retirement System	Peace Officers' Annuity and Benefit Fund	Public School Employees Retirement System	Sheriff's Retirement Fund	Superior Court Clerks' Retirement Fund	Superior Court Judges Retirement Fund	Teachers' Retirement System	Total
\$ 309,821	\$ 61,000	\$ 12,071,580	\$ 87,000	\$ 48,728	\$ 104,468	\$ 194,000	\$ 2,499,445	\$ 26,133,222
—	—	—	—	285,597	443,911	—	131,145,000	178,676,326
8,145	—	5,188,672	—	—	—	—	70,100,000	103,446,817
—	—	—	8,000	—	353,575	1,000	157,217,233	169,713,660
3,018,256	—	26,323,678	—	1,460,967	—	—	—	70,343,283
—	25,613,000	59,100,936	695,093,000	—	21,997,324	869,000	—	12,703,123,515
—	—	—	—	5,347,630	—	—	—	5,347,630
—	—	—	—	—	—	—	899,262,000	906,224,000
15,773,555	—	95,771,106	—	15,062,168	33,580,830	—	15,587,141,000	15,813,300,750
7,284,100	—	63,659,829	—	7,388,094	—	—	2,374,435,000	2,495,730,516
24,339,216	—	82,345,559	—	24,213,731	—	—	20,058,758,000	20,486,179,623
—	—	—	—	—	—	—	3,744,000	7,488,000
—	—	5,000	—	—	—	—	—	133,656
—	—	305,296	—	—	—	—	—	414,020
—	—	—	—	—	—	—	5,856,000	5,856,000
—	—	142,588	—	—	—	—	883,000	1,213,278
—	—	(222,088)	—	—	—	—	(280,000)	(725,739)
<u>\$ 50,733,093</u>	<u>\$ 25,674,000</u>	<u>\$ 344,692,156</u>	<u>\$ 695,188,000</u>	<u>\$ 53,806,915</u>	<u>\$ 56,460,108</u>	<u>\$ 1,064,000</u>	<u>\$ 39,290,760,678</u>	<u>\$ 52,972,598,557</u>
\$ —	\$ 18,000	\$ —	\$ 479,000	\$ 625	\$ 7,750	\$ 41,000	\$ 7,512,736	\$ 19,598,880
—	41,000	—	—	—	—	—	—	3,976,768
123,990	—	22,072,738	—	—	—	—	64,575,000	113,923,728
—	—	—	—	—	—	—	130,942	166,876
—	—	—	—	—	7,300	—	—	7,300
—	—	—	—	10,841	—	—	—	19,575
—	—	3,712	—	—	—	—	—	3,712
<u>\$ 123,990</u>	<u>\$ 59,000</u>	<u>\$ 22,076,450</u>	<u>\$ 479,000</u>	<u>\$ 11,466</u>	<u>\$ 15,050</u>	<u>\$ 41,000</u>	<u>\$ 72,218,678</u>	<u>\$ 137,696,839</u>
<u>\$ 50,609,103</u>	<u>\$ 25,615,000</u>	<u>\$ 322,615,706</u>	<u>\$ 694,709,000</u>	<u>\$ 53,795,449</u>	<u>\$ 56,465,058</u>	<u>\$ 1,023,000</u>	<u>\$ 39,218,542,000</u>	<u>\$ 52,834,901,718</u>

## Combining Statement of Changes in Fiduciary Net Assets Pension Trust Funds For the Fiscal Year Ended June 30, 2003

	Class Nine Fire Department Pension Fund	Defined Contribution Plan	District Attorneys Retirement Fund	Employees' Retirement System	Firefighters' Pension Fund	Georgia Judicial Retirement System	Georgia Military Pension Fund
<b>Additions:</b>							
Contributions							
Employer	\$ —	\$ —	\$ 113,000	\$ 245,555,000	\$ —	\$ 373,000	\$ 591,000
Plan Members	32,510	13,677,000	—	55,456,000	1,731,423	3,814,000	—
Other Contributions							
Fines and Bond Forfeitures	—	—	—	—	—	—	—
Insurance Company Premium Taxes	570,016	—	—	—	16,247,692	—	—
Other Fees	—	—	—	—	—	—	—
Interest and Other Investment Income							
Dividends and Interest	—	1,325,662	—	294,564,022	13,734,800	5,606,274	24,592
Net Increase (Depreciation) in Fair Value of Investments	—	606,947	—	205,145,028	2,607,823	3,904,893	17,130
Less: Investment Expense	—	(35,879)	—	(11,144,897)	(889,658)	(171,591)	(722)
Other							
Transfers from Other Funds	—	—	—	617,000	—	—	—
Miscellaneous	33	—	—	—	147,523	175,000	—
<b>Total Additions</b>	<b>\$ 602,559</b>	<b>\$ 15,573,730</b>	<b>\$ 113,000</b>	<b>\$ 790,192,153</b>	<b>\$ 33,579,603</b>	<b>\$ 13,701,576</b>	<b>\$ 632,000</b>
<b>Deductions:</b>							
General and Administrative Expenses	\$ 12	\$ 310,000	\$ —	\$ 8,509,000	\$ 491,802	\$ 175,000	\$ —
Benefits	—	—	113,000	637,243,000	16,128,708	6,483,000	6,000
Refunds	660	9,417,000	—	5,253,000	147,235	70,000	—
<b>Total Deductions</b>	<b>\$ 672</b>	<b>\$ 9,727,000</b>	<b>\$ 113,000</b>	<b>\$ 651,005,000</b>	<b>\$ 16,767,745</b>	<b>\$ 6,728,000</b>	<b>\$ 6,000</b>
Change in Net Assets Held in Trust for Pension Benefits	\$ 601,887	\$ 5,846,730	\$ 0	\$ 139,187,153	\$ 16,811,858	\$ 6,973,576	\$ 626,000
Net Assets, July 1	1,026,445	43,901,879	0	11,558,517,214	419,363,729	213,612,848	0
Change in Accounting Principle	—	—	—	—	5,058,083	—	—
<b>Net Assets, June 30</b>	<b>\$ 1,628,332</b>	<b>\$ 49,748,609</b>	<b>\$ 0</b>	<b>\$ 11,697,704,367</b>	<b>\$ 441,233,670</b>	<b>\$ 220,586,424</b>	<b>\$ 626,000</b>

Judges of the Probate Courts Retirement Fund	Legislative Retirement System	Peace Officers' Annuity and Benefit Fund	Public School Employees Retirement System	Sheriffs' Retirement Fund	Superior Court Clerks' Retirement Fund	Superior Court Judges Retirement Fund	Teachers' Retirement System	Total
\$ —	\$ 41,562	\$ —	\$ 3,555,000	\$ —	\$ —	\$ 2,005,000	\$ 766,217,765	\$ 1,018,451,327
161,489	297,000	1,989,669	1,298,000	82,349	172,546	8,000	438,998,000	517,717,986
480,632	—	13,955,893	—	2,375,392	914,953	—	—	17,726,870
—	—	—	—	—	—	—	—	16,817,708
129,185	—	—	—	—	2,284,108	—	—	2,413,293
1,676,068	645,978	10,964,646	17,797,687	2,143,237	2,416,773	23,392	976,321,000	1,327,244,131
1,065,426	449,684	583,561	12,397,825	(204,434)	—	16,295	725,370,000	951,960,178
(330,571)	(21,965)	(880,939)	(546,512)	(190,073)	(15,000)	(1,687)	(31,923,000)	(46,152,494)
—	—	—	593,750	—	—	—	2,455,235	3,665,985
152,345	110,000	108,132	—	38	—	30,000	—	723,071
\$ 3,334,574	\$ 1,522,259	\$ 26,720,962	\$ 35,095,750	\$ 4,206,509	\$ 5,773,380	\$ 2,081,000	\$ 2,877,439,000	\$ 3,810,568,055
\$ 40,732	\$ 110,000	\$ 588,961	\$ 593,750	\$ 268,957	\$ 121,430	\$ 30,000	\$ 14,804,000	\$ 26,043,644
1,925,786	1,246,000	13,670,138	37,021,000	2,983,030	2,990,271	2,006,000	1,434,640,000	2,156,455,933
29,851	20,000	158,275	233,000	3,015	2,538	—	40,883,000	56,217,574
\$ 1,996,369	\$ 1,376,000	\$ 14,417,374	\$ 37,847,750	\$ 3,255,002	\$ 3,114,239	\$ 2,036,000	\$ 1,490,327,000	\$ 2,238,717,151
\$ 1,338,205	\$ 146,259	\$ 12,303,588	\$ (2,752,000)	\$ 951,507	\$ 2,659,141	\$ 45,000	\$ 1,387,112,000	\$ 1,571,850,904
45,807,410	25,468,741	321,233,298	697,461,000	52,739,008	53,805,917	978,000	37,831,430,000	51,265,345,489
3,463,488	—	(10,921,180)	—	104,934	—	—	—	(2,294,675)
\$ 50,609,103	\$ 25,615,000	\$ 322,615,706	\$ 694,709,000	\$ 53,795,449	\$ 56,465,058	\$ 1,023,000	\$ 39,218,542,000	\$ 52,834,901,718

**Combining Statement of Fiduciary Net Assets**  
**Investment Trust Funds**  
**June 30, 2003**

	Georgia Extended Asset Pool	Georgia Fund 1	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 132,429,651	\$ 2,723,763,474	\$ 2,856,193,125
Investments, at Fair Value			
Pooled Investments	<u>337,986,089</u>	<u>636,908,116</u>	<u>974,894,205</u>
<b>Net Assets</b>			
Held in Trust for Pool Participants	<u>\$ 470,415,740</u>	<u>\$ 3,360,671,590</u>	<u>\$ 3,831,087,330</u>

## Combining Statement of Changes in Fiduciary Net Assets Investment Trust Funds For the Fiscal Year Ended June 30, 2003

	Georgia Extended Asset Pool	Georgia Fund 1	Total
<b>Additions:</b>			
Pool Participant Deposits	\$ 305,024,596	\$ 4,665,991,196	\$ 4,971,015,792
Interest and Other Investment Income			
Dividends and Interest	12,673,130	55,838,537	68,511,667
Net Appreciation in Fair Value of Investments	1,074,297	—	1,074,297
Less: Investment Expense	—	(1,132,249)	(1,132,249)
<b>Total Additions</b>	<b>\$ 318,772,023</b>	<b>\$ 4,720,697,484</b>	<b>\$ 5,039,469,507</b>
<b>Deductions:</b>			
Pool Participant Withdrawals	\$ 74,513,622	\$ 5,715,649,808	\$ 5,790,163,430
Change in Net Assets Held in Trust for Pool Participants	\$ 244,258,401	\$ (994,952,324)	\$ (750,693,923)
Net Assets, July 1	226,157,339	4,355,623,914	4,581,781,253
Net Assets, June 30	<u>\$ 470,415,740</u>	<u>\$ 3,360,671,590</u>	<u>\$ 3,831,087,330</u>

## Combining Statement of Fiduciary Net Assets Private Purpose Trust Funds June 30, 2003

	Auctioneers Recovery Fund	Keds Corporation Settlement Fund	Real Estate Recovery Fund	Subsequent Injury Trust Fund	Total
<b>Assets</b>					
Cash and Cash Equivalents	\$ 354,069	\$ 64,999	\$ 1,627,639	\$ 75,610,884	\$ 77,657,591
Receivables (Net of Allowances for Uncollectibles)					
Other	18	—	32,225	—	32,243
Investments, at Fair Value					
Pooled Investments	—	—	346,173	10,048,715	10,394,888
Capital Assets					
Machinery and Equipment	—	—	—	150,643	150,643
Accumulated Depreciation	—	—	—	(92,425)	(92,425)
Total Assets	\$ 354,087	\$ 64,999	\$ 2,006,037	\$ 85,717,817	\$ 88,142,940
<b>Liabilities</b>					
Accounts Payable and Other Accruals	\$ —	\$ —	\$ —	\$ 4,874	\$ 4,874
Compensated Absences Payable	—	—	—	102,028	102,028
Total Liabilities	\$ 0	\$ 0	\$ 0	\$ 106,902	\$ 106,902
<b>Net Assets</b>					
Held in Trust for Other Purposes	\$ 354,087	\$ 64,999	\$ 2,006,037	\$ 85,610,915	\$ 88,036,038

## Combining Statement of Changes in Fiduciary Net Assets Private Purpose Trust Funds For the Fiscal Year Ended June 30, 2003

	Auctioneers Recovery Fund	Keds Corporation Settlement Fund	Real Estate Recovery Fund	Subsequent Injury Trust Fund	Total
<b>Additions:</b>					
Contributions/Assessments					
Plan Members	\$ 28,500	\$ —	\$ 203,473	\$ 158,215,119	\$ 158,447,092
Interest and Other Investment Income					
Dividends and Interest	612	—	25,901	517,913	544,426
Other					
Miscellaneous	—	—	—	383	383
<b>Total Additions</b>	<b>\$ 29,112</b>	<b>\$ 0</b>	<b>\$ 229,374</b>	<b>\$ 158,733,415</b>	<b>\$ 158,991,901</b>
<b>Deductions:</b>					
General and Administrative Expenses	\$ (18)	\$ —	\$ 134,625	\$ 1,966,739	\$ 2,101,346
Benefits	—	—	—	88,078,653	88,078,653
<b>Total Deductions</b>	<b>\$ (18)</b>	<b>\$ 0</b>	<b>\$ 134,625</b>	<b>\$ 90,045,392</b>	<b>\$ 90,179,999</b>
<b>Change in Net Assets Held in Trust for Other Purposes</b>	<b>\$ 29,130</b>	<b>\$ 0</b>	<b>\$ 94,749</b>	<b>\$ 68,688,023</b>	<b>\$ 68,811,902</b>
<b>Net Assets, July 1</b>	<b>324,957</b>	<b>64,999</b>	<b>1,911,288</b>	<b>16,922,892</b>	<b>19,224,136</b>
<b>Net Assets, June 30</b>	<b>\$ 354,087</b>	<b>\$ 64,999</b>	<b>\$ 2,006,037</b>	<b>\$ 85,610,915</b>	<b>\$ 88,036,038</b>



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# STATISTICAL SECTION

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## General Governmental Expenditures by Function For the Last Ten Fiscal Years Table 1

	2003	2002 (2)	2001 (1)	2000
Expenditures by Function				
General Government	\$ 997,061,176	\$ 839,638,787	\$ 788,458,919	\$ 822,268,403
Education (3)	7,948,434,294	7,567,495,024	7,752,818,250	6,957,849,312
Health and Welfare	10,249,540,459	10,090,828,968	8,300,962,838	7,498,521,721
Transportation	1,681,771,067	1,716,885,005	1,626,360,119	1,581,318,460
Public Safety	1,755,103,118	1,686,970,829	1,587,054,229	1,443,073,761
Economic Development and Assistance	742,168,497	708,073,548	455,033,691	453,860,928
Culture and Recreation	236,630,788	235,249,403	205,578,201	203,220,402
Conservation	56,667,758	86,890,618	84,148,200	49,256,757
Capital Outlay	825,244,881	761,809,692	522,931,260	337,817,613
Debt Service	849,930,526	766,751,641	704,233,985	702,751,701
Total General Governmental Expenditures	\$ 25,342,552,564	\$ 24,460,593,515	\$ 22,027,579,692	\$ 20,049,939,058

- (1) Prior to fiscal year 2002, this summary included expenditures of the State's governmental fund types which included the General Fund, Capital Projects Funds, and the Debt Service Fund. The General fund reported expenditures in the Education function for funds that were reclassified due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 34.
- (2) Beginning in fiscal year 2002, this summary includes expenditures of the State's major and nonmajor governmental funds. These changes were necessary because of implementing GASB Statement 34. The comparability of 2002 expenditure amounts to the 2001 and prior period amounts is affected.
- (3) In fiscal year 1995, the state began recording a liability and related expenditures for teachers' summer salaries.

1999	1998	1997	1996	1995	1994
\$ 744,530,087	\$ 653,302,692	\$ 637,247,287	\$ 471,240,748	\$ 539,762,518	\$ 409,630,033
6,531,830,567	6,155,220,908	5,700,389,994	4,998,994,142	4,625,591,699	4,168,677,500
6,786,022,660	6,479,723,177	6,796,847,561	6,558,077,298	5,693,088,331	5,257,989,665
1,638,089,933	1,385,250,996	1,113,788,591	1,287,172,005	1,401,010,780	975,771,056
1,333,092,110	1,193,748,916	1,124,542,047	1,104,443,315	1,030,957,652	891,894,168
347,537,124	264,913,965	263,090,507	294,112,317	190,029,084	175,159,029
192,199,439	185,622,125	170,667,100	169,961,642	156,234,675	121,413,898
51,118,994	45,865,385	48,769,799	46,557,857	45,875,856	45,299,326
392,319,581	346,296,387	373,677,146	391,876,879	493,326,267	325,340,789
681,973,633	645,791,398	629,588,332	571,524,445	537,800,975	427,689,905
<u>\$ 18,698,714,128</u>	<u>\$ 17,355,735,949</u>	<u>\$ 16,858,608,364</u>	<u>\$ 15,893,960,648</u>	<u>\$ 14,713,677,837</u>	<u>\$ 12,798,865,369</u>

## General Governmental Revenues by Source For the Last Ten Fiscal Years Table 2

	2003	2002 (2)	2001 (1)	2000
Revenues by Source				
Taxes (4)	\$ 12,960,192,619	\$ 12,896,370,809	\$ 13,695,968,855	\$ 12,966,453,323
Licenses and Permits	425,769,954	448,262,755	440,808,678	410,024,861
Intergovernmental	8,905,213,549	8,189,311,370	7,279,299,131	6,499,451,114
Sales and Services	1,148,834,792	1,678,090,064	565,762,607	629,416,207
Fines and Forfeits	270,340,895	257,484,265	214,379,855	246,188,571
Interest and Other Investment Income	191,236,678	244,858,100	502,015,939	348,716,046
Rents and Royalties	16,352,572	15,674,924	17,355,972	15,555,365
Contributions and Donations	322,726,754	229,162,798	206,596,674	274,246,976
Penalties and Interest on Taxes	7,750,152	6,457,440	9,684,355	8,045,497
Unclaimed Property	43,718,971	40,658,447	41,157,538	45,530,760
Lottery Proceeds	751,557,000	726,202,000	(1)	(1)
General Obligation Bond Proceeds	552,513,811	1,229,428,392	567,363,080	794,815,522
Other Revenue (3)	(2,299,410)	75,385,885	26,408,330	14,876,905
Total General Governmental Revenues	\$ 25,593,908,337	\$ 26,037,347,249	\$ 23,566,801,013	\$ 22,253,321,146

(1) Prior to fiscal year 2002, this summary included revenues of the State's governmental fund types which included the General Fund, Capital Projects Funds, the Debt Service Fund and proceeds from the issuance of general obligation bonds. The General Fund reported revenues for funds that were reclassified due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 34.

(2) Beginning in fiscal year 2002, this summary includes revenues of the State's major and nonmajor governmental funds and proceeds from the issuance of general obligation bonds. These changes were necessary because of implementing GASB Statement No. 34. The comparability of 2002 revenue amounts to the 2001 and prior period amounts is affected.

(3) The increase in Other Revenue in Fiscal Year 1994 is primarily due to the recognition of revenue in the General Fund for Distance Learning and Telemedicine funds; these funds were reflected previously in Agency Funds as the Universal Service Fund.

(4) In fiscal year 1995, the state began accounting for certain tax revenues on the modified accrual basis.

	1999		1998		1997		1996		1995		1994
\$	12,021,751,940	\$	11,439,170,422	\$	10,483,497,704	\$	9,891,126,837	\$	9,068,979,799	\$	8,337,801,318
	397,962,567		346,081,148		351,181,927		343,118,630		335,061,015		323,679,549
	5,923,606,145		5,617,029,811		5,549,805,877		5,457,487,877		4,837,628,972		4,163,447,196
	581,123,782		536,827,964		513,909,314		363,320,801		339,380,452		304,600,443
	41,657,448		49,204,317		50,426,165		32,022,270		34,043,976		32,570,070
	300,699,674		275,999,300		239,306,741		242,059,488		184,686,971		131,238,703
	16,872,007		13,920,492		9,992,943		17,600,277		17,733,647		9,285,637
	187,061,598		192,209,388		190,841,985		169,020,652		170,464,588		149,621,154
	5,991,314		9,485,653		6,699,639		9,082,163		8,282,630		16,110,883
	26,104,874		20,690,958		20,118,021		25,809,698		19,815,272		19,935,473
	(1)		(1)		(1)		(1)		(1)		(1)
	720,607,460		257,123,411		373,248,075		960,650,338		727,775,339		977,957,328
	7,209,322		5,409,857		32,522,511		6,781,951		24,833,072		121,670,497
\$	<u>20,230,648,130</u>	\$	<u>18,763,152,720</u>	\$	<u>17,821,550,901</u>	\$	<u>17,518,080,981</u>	\$	<u>15,768,685,732</u>	\$	<u>14,587,918,250</u>

## State Tax Revenues by Source – All Governmental Fund Types For the Last Ten Fiscal Years Table 3

	2003	2002	2001	2000
Source:				
Income (2) (3)	\$ 6,833,114,887	\$ 7,149,142,900	\$ 7,473,304,675	\$ 7,108,385,607
General Sales	4,933,003,788	4,563,023,950	5,127,697,977	4,709,213,152
Selective Sales				
Motor Fuel	465,171,917	458,562,074	444,185,975	447,580,578
Alcoholic Beverages	139,729,491	143,088,389	139,642,983	139,189,273
Cigars/Cigarettes	111,322,327	83,501,666	81,777,839	83,012,695
Insurance Premium	299,341,515	277,703,346	223,190,967	239,710,645
Estate	88,496,147	123,033,505	126,114,453	148,254,987
Property	61,078,969	55,635,434	49,042,785	44,606,200
Corporation Net Worth (2)	27,868,334	29,346,195	20,371,629	33,317,137
Other (3)	1,065,244	13,333,350	10,639,572	13,183,049
Total Tax Revenues - All Governmental Fund Types	\$ <u>12,960,192,619</u>	\$ <u>12,896,370,809</u>	\$ <u>13,695,968,855</u>	\$ <u>12,966,453,323</u>

(1) In Fiscal Year 1995, the state began accounting for certain tax revenues on the modified accrual basis.

(2) Amounts restated between revenue functions are due to prior errors of adjusting certain tax revenue against Corporation Net Worth.  
(1995-2000)

(3) Financial Institution Business Occupation Tax is included in Income Tax effective 2003 (reported as Other prior to 2003)

Source: Georgia Comprehensive Annual Financial Report

Note: Governmental Fund Types are described in the Notes to the Financial Statements.



	1999	1998	1997	1996	1995	1994
\$	6,646,175,462	\$ 6,218,387,032	\$ 5,490,241,749	\$ 4,962,182,220	\$ 4,502,308,762	\$ 4,102,592,850
	4,323,189,194	4,238,397,531	4,062,494,318	3,954,442,920	3,651,583,790	3,361,513,613
	428,150,221	405,269,766	387,418,653	391,550,566	379,119,386	365,243,573
	132,903,384	126,825,895	124,667,603	121,702,379	114,681,538	110,633,761
	87,355,714	80,051,470	76,391,777	91,248,012	86,176,720	83,186,371
	211,908,338	212,839,904	204,744,512	196,508,650	187,190,136	162,867,502
	111,192,262	84,808,642	60,295,856	66,538,071	73,607,282	87,808,192
	40,727,315	36,021,442	35,630,751	33,091,530	31,106,689	29,969,838
	25,388,604	24,013,610	22,491,188	23,722,938	21,931,918	18,830,421
	14,761,446	12,555,130	19,121,297	50,139,551	21,273,578	15,155,197
					(1)	
\$	<u>12,021,751,940</u>	\$ <u>11,439,170,422</u>	\$ <u>10,483,497,704</u>	\$ <u>9,891,126,837</u>	\$ <u>9,068,979,799</u>	\$ <u>8,337,801,318</u>

## Principal Nongovernmental Employers

June 30, 2003

Table 4

Company	Number of Employees
Wal-Mart Stores, Incorporated	49,476
Delta Air Lines, Incorporated *	28,139
Shaw Industries, Incorporated *	20,589
Publix Super Markets, Incorporated	20,000
The Kroger Company	20,000
BellSouth Corporation *	17,000
Mohawk Industries Incorporated *	16,536
Promina Health System *	13,000
United Parcel Service Incorporated *	13,000
The Home Depot Incorporated*	12,740
The Southern Company/Georgia Power Company *	12,415
Georgia-Pacific Corporation *	10,200
Target Corporation	10,000
Emory System of Health Care*	10,000

\* Indicates Georgia Headquarters

Source: Georgia Department of Industry, Trade and Tourism, May, 2004

## Computation of Legal Debt Margin

June 30, 2003

Table 5

Treasury Receipts - Fiscal Year Ended June 30, 2002 (1)	\$ 15,126,479,334
<b>Legal Debt Margin:</b>	
Highest Annual Commitments Permitted Under Constitutional Limitation (10% of above)	\$ 1,512,647,933
Highest Total Annual Commitments in any Fiscal Year (Highest FY 2004)	\$ 819,243,571
As a Percentage of FY 2002 State Treasury Receipts	5.42%
As a Percentage of FY 2003 State Treasury Receipts	5.26%

(1) Includes Indigent Care Trust Fund Receipts and Lottery Proceeds

Source: Georgia State Financing and Investment Commission

## Ratio of Annual Debt Service Expenditures For General Obligation Debt to Total General Governmental Expenditures (1) For the Last Ten Fiscal Years

Table 6

Fiscal Year	General Bonded Debt			General Governmental Expenditures (1)	Ratio of Debt Service to General Governmental Expenditures
	Principal	Interest and Other Fiscal Charges	Total Debt Service		
2003	\$ 511,006,402	\$ 338,924,124	\$ 849,930,526	\$ 25,342,552,564	3.35%
2002	449,200,000	310,626,904	759,826,904	24,460,593,515	3.11%
2001	395,515,000	292,821,352	688,336,352	22,027,579,692	3.12%
2000	434,875,000	260,790,770	695,665,770	20,049,939,058	3.47%
1999	448,960,000	230,772,839	679,732,839	18,698,714,128	3.64%
1998	387,030,000	258,317,069	645,347,069	17,355,735,949	3.72%
1997	392,165,000	236,835,498	629,000,498	16,858,608,364	3.73%
1996	352,300,000	218,523,118	570,823,118	15,893,960,648	3.59%
1995	350,385,000	186,826,275	537,211,275	14,713,677,837	3.65%
1994	246,840,000	179,738,306	426,578,306	12,798,865,369	3.33%

(1) See Table 1, Total General Governmental Expenditures

Source: Georgia Comprehensive Annual Financial Report

## Demographic Statistics For the Last Ten Calendar Years Table 7

Calendar Year	Population	Per Capita Personal Income	Public School Enrollment	Unemployment Rate
2003	8,684,715	29,442	1,486,694	4.00%
2002	8,560,310	28,821	1,496,012	5.10%
2001	8,383,915	28,523	1,470,634	4.00%
2000	8,186,453	28,103	1,444,937	3.70%
1999	7,788,240	26,536	1,422,941	4.00%
1998	7,642,207	25,447	1,401,291	4.20%
1997	7,486,242	23,911	1,346,761	4.50%
1996	7,353,225	23,055	1,311,126	4.60%
1995	7,102,000	21,806	1,271,903	4.90%
1994	7,055,000	20,841	1,233,362	5.20%

Source: Population - U. S. Department of Commerce, Bureau of the Census  
 Per Capita Income - U. S. Department of Commerce, Bureau of Economic Analysis  
 Public School Enrollment - Georgia Department of Education  
 Unemployment Rate - Georgia Department of Labor

## Schedule of Bank Deposits For the Last Ten Years (Dollars in Thousands) Table 8

Fiscal Year	Commercial Banks	Savings and Loan Associations	Total Deposits
2003	\$ 119,436,825	\$ 5,445,457	\$ 124,882,282
2002	103,777,634	5,567,504	109,345,138
2001	107,703,666	4,815,840	112,519,506
2000	92,541,946	3,995,466	96,537,412
1999	44,295,000	4,600,000	48,895,000
1998	77,505,212	4,191,658	81,696,870
1997	42,235,312	4,798,940	47,034,252
1996	91,933,990	4,640,878	96,574,868
1995	66,895,898	5,107,013	72,002,911
1994	62,065,439	5,285,489	67,350,928

Source: Federal Reserve Bank of Atlanta, Research Department

## Miscellaneous Statistics

June 30, 2003

Table 9

Date Entered Union	January 2, 1788
Form of Government	Legislative-Executive-Judicial
Miles of State Highway	18,019
Land Area	59,441 Square Miles

### State Colleges and Universities:

Number of Separate Institutions	34
Number of Active Educators	8,870
Number of Students	233,098

### Recreation:

Number of State Parks	48
Number of Historic Sites	15
Area of State Parks and Historic Sites	72,835 Acres

### Sources:

Facts About the States, 1989 - Kane, Anzovin, Podell  
Georgia Descriptions in Data, 1988 - Georgia Office of Planning and Budget  
State and Metropolitan Area Data Book, 1991 - U. S. Department of Commerce  
Georgia Department of Transportation  
Board of Regents of the University System of Georgia  
Georgia Department of Natural Resources